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ROYAL COMMISSION ON THE
TEXTILE INDUSTRY

HON. MR. JUSTICE W. F. A. TURGEON
Commissioner



A. S. Whiteley, Secretary

Gov. Doc Can Com T	Minutes VOLUME XX
94th, 95th, 96th, 97th, 98th, 99th and 100th D A Y S	
351704 14.6.38.	Mr. McRuer.

ROBERT BRYDIE
OFFICIAL REPORTER
TORONTO
CANADA



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J.C. McRuer, Esq., K.C.

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

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A.S. Whiteley, Secretary,

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NINETY - FOURTH DAY

(November 19th, 1936)

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Robert Brydie,
Official Reporter.

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THE ROYAL CANADIAN MOUNTED POLICE

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THE ROYAL CANADIAN MOUNTED POLICE

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

A p p e a r a n c e s :

J.C. McRuer, K.C.)
and) Commission Counsel,
E. Beauregard, K.C.)

J.P. Lanctot, K.C.)
and) For Special Committee
R.L. Kellock, K.C.) on Primary Textile
Industries.

C.G. Heward, K.C.)
Aime Geoffrion, K.C.) For Dominion Textile
and) Company.
C.T. Ballantyne,)

S.G. Dixon, K.C. For Courtaulds Limited.

L.A. Forsyth, K.C. For Canadian Celanese
Limited, and Canadian
Silk Products Limited.

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TO : WINE LAMON

from June 1948

Author(s)	Year	Site
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... H. C. Carey, Jr.

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Ottawa, Ontario,
November 19, 1936.

-- The Commission resumed at 10.30 a.m.

ERNEST J. HOWSON, Cross-Examination resumed.

5 BY MR. BALLANTYNE: Q. Mr. Howson, will you
turn to page 17 of your report, which is headed
"Capitalization and Operating Results" for Montreal
Cottons. You show on that statement the net revenue
10 from date of inception to 1925, both inclusive, to
be \$13,811,000. A. Yes.

Q. And you show that in relation to an adjusted
amount for capital, \$2,884,000? A. Well,
that item is shown there.

15 Q. That item is shown there? A. Yes.

Q. Well, is it correct that you reached both
those items in regard to the profits by including
the \$5,000,000 stock dividend, and with regard to
the capital by deducting the \$3,000,000 stock
20 dividend? A. Well, the \$3,000,000 stock divi-
dend has nothing to do with the earnings. That was
an appropriation from earnings. The \$2,000,000 has
been deducted from the capital. \$13,000,000 is the
total earnings.

25 Q. That is the total earnings including the
earnings which were capitalized many years ago --
A. Oh yes.

30 Q. I am not quarrelling with you for putting
in those earnings which were capitalized many years
ago to make the \$3,000,000 stock dividend. Am I

Winnipeg, Ontario,
January 12, 1914.

-- The Commission returned at 10.30 a.m.

MR. J. L. BROWN, Gross-Examination returned.

Mr. J. L. Brown, Gross-Examination returned.

With the page 17 of your report, which is headed
"Capitalization and Operating Results" for Montreal
Systems. You show on that a revenue the net revenue
from date of inception to 1935, both inclusive, to

\$4,411,401.

Q. And you show that in relation to an adjusted
amount for capital, \$3,884,300?
A. Yes.
That item is shown there.

Q. That item is shown there?
A. Yes.
Well, is it correct that you received both
those items in regard to the profits by including
the \$3,000,000 stock dividend, and with regard to
the capital by deducting the \$8,000,000 stock

dividend?
A. Well, the \$3,000,000 stock divi-
dend has nothing to do with the earnings. That was
an appropriation from earnings. The \$3,000,000 has
been deducted from the capital. \$13,000,000 is the
total earnings.

Q. That is the total earnings including the
earnings which were capitalized many years ago --

A. Oh yes.
I am not quarrelling with you for putting
in those earnings which were capitalized many years
ago as \$3,000,000 stock dividend. Am I

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correct in saying that the \$3,000,000 stock dividend is a capitalization of an earned surplus of the company? A. Yes.

5 Q. Therefore what that really means -- you gave the date yesterday and my recollection is that it was about 1881 -- A. Do you mean the \$110,000?

Q. Yes? A. It was quite early in the history of the company.

10 Q. Then am I correct in saying that from that date, whatever it was -- 1880, is that the right date? A. Yes, it covered a period from 1879 to 1881.

15 MR. HEWARD: Mr. Howson gave us yesterday these figures, \$50,000 for 1879, \$50,000 for 1880 and \$10,000 for 1881, is that not right, Mr. Howson?

THE WITNESS: Yes.

20 BY MR. BALLANTYNE: Between that date, 1881, and the issue of the stock dividend for \$3,000,000, it is correct to say that the company did not pay out to its shareholders all its earnings, but allowed its earnings to accumulate in surplus. A. That is correct.

Q. That is correct? A. Yes.

25 Q. Is it also correct to say that the surplus was represented at the time of the stock dividend by assets of the company, land, buildings and machinery or cash? A. Yes.

30 Q. Is it also correct to say that if the company had not retained its earnings in its business up until 1911, that if it had paid them out, it

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correct in saying that the \$3,000,000 stock dividend
is a capitalization of earnings surplus of the

Q. Therefore what that really means -- you
have the same yesterday and my resolution in the
it was about 1931 -- A. Do you mean the \$110,000
A. Yes. It was quite early in the
history of the company.

Q. When can I correct in saying that from the
date, whether it was -- 1930, in that the right
A. Yes, it covered a period from
1929 to 1931.

Q. Mr. Hanson gave us yesterday some
figures, \$25,000 for 1929, \$25,000 for 1930 and
\$10,000 for 1931, is that right, Mr. Hanson?
A. Yes.

Q. Between that date, 1931, and
the issue of the stock dividend for \$3,000,000, it
is correct to say that the company did not pay
its earnings to accumulate in surplus, but allowed
it to accumulate in the treasury, is that correct?
A. Yes.

Q. That is correct?
A. Yes.
Q. Is it also correct to say that the earnings
are reported at the time of the stock dividend
by assets of the company, land, buildings and
equipment or cash?

A. Yes.
Q. Is it also correct to say that if the
company had not retained its earnings in the business
until 1931, that it had paid them out, it

would not have earned from 1911 to 1925 as much as is shown here, this \$13,811,000 ? A. That is a conclusion one can come to.

5 Q. This is the point I want to make to you, that by not paying out those earnings in dividends the company increased the capital which was employed in its business, and therefore it increased the earnings which it was able to make.

10 THE COMMISSIONER: Did it not increase the capital employed in the business?

THE WITNESS: The accumulated profits were left in the business, and it increased the invested capital.

15 BY MR. BALLANTYNE: Q. To the extent of \$3,000,000. Is that correct? A. Balance in surplus account at that date was \$2,000,000, in 1911.

20 Q. But there were other items that were capitalized, were there not, certain reserves and things of that nature. Am I correct ? A. You are correct to this extent —

25 Q. I do not want to tie you down too closely, but is it correct as a statement of principle that by retaining profits in the business, without paying them out, they increased the amount of capital which was working for the company? A. Yes.

Q. And therefore increased the profits? A. Well, the earning power.

30 Q. And therefore increased the earning power of the company? A. Yes.

Q. Is this also correct, supposing this company had followed the opposite course from that which it did follow, supposing it had distributed and paid out every cent of its earnings and dividends, and then had decided at a certain period that if it wanted to stay in existence it had to increase its assets, it had to increase its capital investment to the extent of \$5,000,000, and if at that time the company had decided to sell stock in order to obtain that \$5,000,000, if it had done that I presume that you would not have deducted from the \$6,000,000 capital -- A. The additional stock?

Q. The additional stock that was sold?

A. Yes, in that case the dividends distributed would have been shown.

Q. Quite so. That is perfectly true, but you have already got that \$5,000,000, as I understand it in the profits which are shown here. A. I mean that before 1911 the distribution would have been greater.

Q. If they had done it in 1911 -- A. I understood the question was, if they had paid out that \$5,000,000 prior to 1911.

Q. If they had paid out all their profits and dividends, and then in 1911 had issued more stock to get \$5,000,000, what would have been the position? In your statement you show capital of \$6,000,000 and then you take off \$5,000,000 because that was a stock dividend. I have no quarrel with you for

Q. The last time you were in the office, was it in 1939?

A. Yes, it was in 1939.

Q. Which is did follow, supposing it had distributed and paid out every cent of its earnings and dividends, and then had decided at a certain point of the time it wanted to stay in existence it had to increase its assets, it had to increase its capital investment to the extent of \$5,000,000, and in fact at the time the company had decided to sell stock in order to obtain that \$5,000,000, if it had done that I presume that you would not have deducted from the \$5,000,000 capital -- A. The additional

stock?

Q. The additional stock that was sold?

A. Yes, in that case the dividends distributed

would have been known.

Q. Quite so. That is perfectly true, but you

have already got that \$5,000,000, so I understand it

in the profits which are shown here. A. I mean

that before 1911 the distribution would have been

greater.

Q. If they had done it in 1911 -- A. I

understood the question was, if they had paid out

the \$5,000,000 in 1911.

Q. If they had paid out all their profits and

dividends, and then in 1911 had issued more stock to

the \$5,000,000, what would have been the position?

A. Your statement you show capital of \$5,000,000

then you take out \$5,000,000 because that was a

total dividend. I have no quarrel with you for

putting the \$3,000,000 into profits, if you want to show all the profits of the company, but my point is that if you show those profits you should also show all the capital that was used to earn those profits. Am I correct in this, that if stock had been sold, you would not have deducted that \$3,000,000.

A. No, if new capital had come into the business at that time it would have increased the invested capital from outside.

Q. Yes. Now I put it to you this way, that whatever the source, whether it is as a result of the shareholders leaving in some of their money, or whether it is money from outside coming in, it should be shown here without deduction as full capital.

The \$13,811,000 was not earned on \$2,800,000, but it was earned, according to what you have said today, upon \$6,000,000. A. Yes.

Q. Would you agree with me there, or would you tell me why you disagree? A. We are just setting up in this statement the make-up of the capital. I have not used that statement for any purpose at all except to disclose the set-up of the capital.

Q. This statement is headed "Capitalization and Operation Results," and further down there is the heading, "Adjusted Amount for Capital."

A. That is exactly what it is.

Q. Just a minute. There is a statement of the net revenue for the period, and to my mind there is a clear inference just on these figures alone that

to show all the profits of the company, but my point is that if you show a one profit you should also show all the capital that was used to earn those profits. Am I correct in this, that if stock had been sold, you would not have deducted that \$3,000,000. No, if new capital had come into the business at that time it would have increased the invested capital from outside.

Q. Yes. Now I get it to you this way, that whatever the amount, whether it is a result of the shareholders leaving in some of their money, or whether it is money from outside coming in, it should be shown here without deduction as full capital. The \$13,811,000 was not earned on \$8,800,000, but it was earned, according to what you have said today, about \$8,000,000. A. Yes.

Q. Would you agree with me there, or would you tell me why you disagree? A. We are just setting up in this statement the make-up of the capital. I have not used that statement for any purpose at all except to disclose the set-up of the capital.

Q. This statement is called "Statement of Capital and Operation Results," and further down there is the heading, "Adjusted Amount for Capital." A. That is exactly what it is.

Q. Just a minute. There is a statement of the operations of the company, and it is called "Statement of Capital and Operation Results," and further down there is the heading, "Adjusted Amount for Capital." A. That is exactly what it is.

the \$13,800,000 was earned in respect of \$2,884,000
odd capital, and not earned upon a capital investment
having a value of \$6,000,000. A. You are
drawing that inference from the preceding statements.
5 You will notice that from Montreal Cottons we have
not prepared a statement showing return on the
capital investment at all.

Q. Yes, I notice that, and I was going to ask
you about that later. A. And if we had
10 done that in the ten-year period the \$3,000,000 would
have been included as part of the capital investment.

Q. For whatever reason you take this particular
form of statement, will you agree with me this far,
that the \$13,800,000 was earned by capital assets
15 having a value of \$6,000,000, not having a value of
something under \$3,000,000? A. No, I
cannot go that far because your \$3,000,000 was being
accumulated over that period.

Q. I quite see your point, but you have grouped
20 these figures without showing over a period of years
how much capital was in the business in any particular
year. A. Yes.

Q. But you have made a general statement, and
now I ask you to agree with me in the general state-
25 ment that the \$13,800,000 was earned by capital
assets having a value of approximately \$6,000,000
and not \$2,000,000. A. I will go this
far with you, that it was earned on an original
capital value of \$3,000,000 plus accumulated profits
30 from year to year.

...\$100,000 was earned in respect of \$2,684,000
of capital, and not earned upon a capital investment
having a value of \$6,000,000. A. You are

drawing that inference from the preceding statement
You will notice that from Montreal Cottons we have
not prepared a statement showing return on the
capital investment at all.

C. Yes, I notice that, and I was going to say
You about that later. A. And if we had

done that in the ten-year period of the \$6,000,000 we
have been included as part of the capital investment

D. For whatever reason you take this position
form of statement, will you agree with me this fact
that the \$12,800,000 was earned by capital assets
having a value of \$6,000,000, not having a value of

A. No, I
something under \$6,000,000?
cannot do that far because your \$6,000,000 was being
accumulated over that period.

E. I quite see your point, but you have given
these figures without showing over a period of years
how much capital was in the business in any particular
year. A. Yes.

F. But you have a general statement, and
now I ask you to agree with me in the general state-
ment that the \$12,800,000 was earned by capital
assets having a value of approximately \$6,000,000
and not \$2,000,000. A. I will go this

far with you, that it was earned on an original
investment of \$6,000,000, and the accumulated profit is
the rest of it.

Q. Yes, that is right, and which in 1911 had a value of \$3,000,000 or had reached a total of \$3,000,000.

A. It finally reached \$3,000,000, but in 1911 it was apparently only \$2,000,000.

Q. Now, Mr. Howson, I am curious about the way that this statement seems to relate back to the original cash investment. I would like to put this proposition up to you and see what you would say to it. Supposing that in 1911 another company had come to Montreal Cottons and had offered to buy it, and had paid for the shares of Montreal Cottons, not in cash but in its own shares; would you say that because a company acquired assets with shares that there should be no entry of capital at all?

A. On the assumption that the shares issued would be in relation --

Q. On the assumption that there was no cash paid for the shares.

A. On the assumption that the shares would be issued on the basis of the actual assets of the company --

Q. I am assuming that.

A. That, of course, would be the history of another company, and we would deal with it on the basis of the value of the assets which that company had invested in the business.

Q. You would deal with it on the basis of the value of the assets which that company had invested in the business?

A. Yes.

Q. So if a company issued shares for consideration other than cash, you would take the value of the

assets acquired?

A. Yes.

Q. And put that against the shares issued?

A. Yes.

Q. Right. Now, Mr. Howson, there is just one
5 other point I would like to make. You show further
down on the same statement, "Net Revenue for ten years
to 1935," something over \$3,000,000, and the last
item in that net revenue is headed, "Transfer from
Extraordinary Profit," \$1,446,000? A. Yes.

10 Q. Am I correct that the source of those funds
was the disposal by Montreal Cottons to Beauharnois
of certain water power rights? A. I testified
to that yesterday.

15 Q. Yes, you did yesterday, I think, and that
transaction in effect amounted to the sale of a
capital asset. You agree with me there? A. Yes.

20 Q. Will you also agree with me that the money
that was obtained from Beauharnois had no connection
or did not arise from the manufacture of cotton or
textile goods? A. Yes, I think that would
be correct.

25 Q. In this inquiry, Mr. Howson, we are inves-
tigating textile companies as such, and would it be
correct to say that Montreal Cottons as a textile
company for the ten years to 1935 earned only the
first two items amounting to \$1,600,000 from its
operations as a cotton company, instead of \$3,000,000
as shown on the statement? A. They earned

30 I would almost confine it to the first item.

Q. Well, if you like, but I am not asking you to

confine it to the first item, because I am of the opinion --

THE COMMISSIONER: What are the outside investments?

5 MR. BALLANTYNE: I am not instructed as to what they were, my lord.

BY THE COMMISSIONER: Q. Have you a list of them?

A. They were funds outside.

10 BY MR. BALLANTYNE: Q. Will you go as far with me as this, Mr. Howson, that the net revenue --

A. \$716,000 represented the revenue from the cotton operations as distinct from revenue from their investment operations.

15 BY THE COMMISSIONER: Q. The money that went into the investment came from the earnings, did it not?

A. Yes, sir.

MR. BALLANTYNE: I am not so sure of that, and I am asking Mr. Howson.

20 BY MR. BALLANTYNE: Q. You just said, Mr. Howson, that the money for investment came from operations.

THE COMMISSIONER: Where else did it come from?

MR. BALLANTYNE: I think that perhaps some of it came from this Beauharnois transaction, my lord.

25 THE COMMISSIONER: Unless they came from there they must have come from earnings.

30 MR. BALLANTYNE: Unless they came from there they must have come from earnings. The point I went to bring out with reference to this statement is this. If you look at the net revenue for the ten years, it is a fair inference from that statement as it is drawn

... I am not interested in to what
they were, at first.
BY THE CHAIRMAN: Have you a list of the
A. They were funds outside.
... the net revenue --
... the net revenue from their investments
... operations.
BY THE CHAIRMAN: The money that went
into the investment came from the earnings, did it?
A. Yes, sir.
MR. BRYDIE: I am not aware of that, and
am asking Mr. Hanson.
BY MR. BRYDIE: You just said, Mr. Hanson,
that the money for investment came from operations.
THE CHAIRMAN: Where else did it come from?
MR. BRYDIE: I think that perhaps some of it
came from this Saskatchewan transaction, my lord.
THE CHAIRMAN: Unless they came from there
they must have come from earnings.
MR. BRYDIE: Unless they came from there they
must have come from earnings. The point I want to
make is with reference to this statement in this
... that a statement as to is that

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that that \$2,000,000 arises from the operations of the company, and I wanted this witness to make clear that particularly the item of \$1,446,000 had nothing to do with the operations of the company.

5 MR. McRUER: If you think that anything ought to be written in there to show that, we are quite satisfied.

MR. BALLANTYNE: I do not want anything written in so long as it is made clear now.

10 THE COMMISSIONER: I think I understand perfectly how it is accounted for.

MR. McRUER: There is no doubt about it. Mr. Howson made it clear. There is no quarrel about that.

THE COMMISSIONER: It is clear from my copy.

15 BY MR. BALLANTYNE: Q. Mr. Howson, I understand that you are preparing in relation to some of the other companies a statement covering the profits paid out compared with the wages paid out. A. Yes.

Q. And losses? A. Yes.

20 Q. Could you do that same thing for Montreal Cottons, covering this ten-year period?

MR. DAVIDSON: I can give you that right now if you want it.

25 MR. BALLANTYNE: Have you got it? Thank you. This is net?

MR. DAVIDSON: After bond interest and income tax.

30 BY MR. BALLANTYNE: Q. Mr. Howson, this is a statement which I presume you will confirm, showing for Montreal Cottons Limited that mill wages paid for the period from 1926 to 1935 amounted to \$15,494,548.

that \$2,000,000 arises from the operations of
the company, and I wanted this witness to make clear
that particularly the item of \$1,445,000 had nothing
to do with the operations of the company.

Q. Now, if you think that anything ought to
be written in there to show that, we are quite satis-
fied.

MR. BRADIE: I do not want anything written
in so far as it is made clear now.

THE COMMISSIONER: I think I understand perfectly
how it is explained for.

MR. BRADIE: There is no doubt about it, Mr.
Commissioner, it is clear. There is no doubt about that.

MR. BRADIE: It is a very easy copy.
BY MR. BRADIE: Mr. Howson, I under-

stand that you are preparing in relation to some of
the other companies a statement covering the profits
and losses of the company with the same data.

Q. And losses?

A. Yes.

Q. Could you do that same thing for Montreal
options, covering this ten-year period?

MR. BRADIE: I can give you the right now if
you want it.

MR. BRADIE: Have you got it? Thank you.

Q. This is not?

MR. BRADIE: Yes, Mr. Howson, this is a

statement which I prepared for you with regard to the
profits and losses limited that will be paid for

the period from 1901 to 1910 amounted to \$15,445,000.

A. That is correct.

Q. And that the net profit, less bond interest and income tax for the same period amounted to what?

A. \$1,026,573.

5 MR. BALLANTYNE: Yes.

THE COMMISSIONER: Are you putting that document in?

MR. BALLANTYNE: I can have it typed and filed, my lord.

10 MR. McRUER: Is there not something being done on that line, Mr. Howson, along the same line that Mr. Kellock asked for?

THE WITNESS: Yes.

15 THE COMMISSIONER: There is a further document which will cover that company as well as the others?

MR. McRUER: That material has all been asked for by Mr. Kellock, and will go in.

MR. BALLANTYNE: Very well, thank you.

20 BY MR. McRUER: Q. Mr. Howson, my friend was examining you as to the sources of revenue and as to the amount that came from the Beauharnois transaction. I want you to make a comparison with me of the gross profit on sales, the percentage of gross profit on sales before depreciation, of this company and of the
25 Dominion Textile Company which was operated by the same management after the year 1930 at any rate. Take page 11 of your statement and page 21 of the same Exhibit, 917. A. Starting with what year?

30 Q. Starting with the year 1927. Dominion Textile, the percentage of gross profit before

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Howson

depreciation to sales was ? A. 21.1.

Q. And Montreal Cottons? A. 16 per cent.

MR. BALLANTYNE: 1927, is it?

THE WITNESS: The year ends at different periods
in the two companies.

BY MR. McRUER: Q. And in 1928 the gross
profit before depreciation, to sales, was how much
for Dominion Textile ? A. 16.8.

Q. And Montreal Cottons? A. 11.6.

Q. And 1929, Dominion Textile ? A. 16.2.

Q. And Montreal Cottons? A. 6.7.

Q. So there was a very sharp difference there.
Now in 1930, Dominion Textile ? A. 16.9.

Q. And Montreal Cottons? A. A loss on
a percentage basis of 3.6.

Q. And 1931, Dominion Textile ? A. 15 per
cent.

Q. Montreal Cottons? A. The profit
was so small there that you would have to carry it
out beyond --

Q. The net profit on sales was zero practically.

MR. BALLANTYNE: It is nice not to have to
apologize.

BY MR. McRUER: Q. Now 1932, Dominion Textile?
A. 16.3.

Q. And Montreal Cottons? A. 6.5.

Q. 1933, Dominion Textile ? A. 13.2.

Q. And Montreal Cottons? A. 12.1.

MR. McRUER: Going up. Now in 1934, Dominion

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1953

A. 1951.

percentage to sales was ?

A. And Montreal Cottons ? A. 18 per cent

Mr. BRYCE: 1951, is it ?

THE CHAIRMAN: The last one of 31 different periods

in the two companies.

By Mr. BRYCE: A. And in 1953 the ratios

the Dominion Textile ? A. 18.2.

A. And Montreal Cottons ? A. 11.8.

A. And 1952, Dominion Textile ? A. 11.8.

A. And Montreal Cottons ? A. 8.7.

A. So there was a very large difference there

Now in 1952, Dominion Textile ? A. 16.9.

A. And Montreal Cottons ? A. 4 per cent

a percentage basis of 3.3.

A. And 1951, Dominion Textile ? A. 15 per

cent.

A. Montreal Cottons ? A. The ratio

was so small there that you would have to carry it

out beyond --

A. The net profit on sales was zero practically

Mr. BRYCE: It is also not to have to

analyze.

Mr. BRYCE: A. Now 1952, Dominion Textile ?

A. 16.8. A. And Montreal Cottons ?

A. 10.8. A. 1951, Dominion Textile ?

A. 15.1. A. And Montreal Cottons ?

Mr. BRYCE: Now in 1954, Dominion

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Textile ?

A. 21.3.

Q. Montreal Cottons? A. 13 per cent.

Q. In 1935, Dominion Textile? A. 18.3.

Q. Montreal Cottons? A. 17.6.

5

Q. That is gross profit to sales before depreciation, before anything is taken off. I think that is all, Mr. Howson, with regard to Montreal Cottons.

10

BY MR. BALLANTYNE: Q. Mr. Howson, do Dominion Textile and Montreal Cottons not produce and sell different classes of goods? A. I cannot tell you.

Q. You do not know? A. No.

15

Q. Do you know anything about the internal management of either of the companies which would explain these figures you have just given?

A. No, I do not. I have made no investigation into the management at all.

20

Q. As a general proposition, if they sold different classes of goods, would there be any value from an accounting point of view from the percentage comparisons you have just made?

THE COMMISSIONER: You are going beyond accounting when you ask that, aren't you?

25

BY MR. BALLANTYNE: Q. Well, is there any comparison between operating results of companies that sell different lines of goods? A. These companies are both in cotton goods, and I would think there would be some comparison.

30

Q. And you know nothing of the internal management of either company that would enable you to

Q. Is it possible to have a company that is not a corporation?
A. Yes, it is possible to have a company that is not a corporation.
Q. What is the difference between a company and a corporation?
A. A company is a legal entity that is created by the state, while a corporation is a legal entity that is created by the state and has a separate legal identity from its owners.
Q. Can a company be a corporation?
A. Yes, a company can be a corporation.
Q. What are the advantages of being a corporation?
A. The advantages of being a corporation are that it has a separate legal identity from its owners, it can raise capital more easily, and it has limited liability.
Q. What are the disadvantages of being a corporation?
A. The disadvantages of being a corporation are that it is more expensive to set up and maintain, it is subject to more government regulation, and it has more complex tax rules.
Q. How do I decide whether to incorporate or not?
A. You should consider the advantages and disadvantages of each option and consult with a lawyer and an accountant to make the best decision for your business.

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explain the variations in these figures? A. No.

MR. McRUER: We have had evidence that Montreal Cottons make rayon goods, and that Dominion Textile does.

5 MR. HEWARD: You have been pointing out that they did not make the same classes of goods.

MR. McRUER: They are different weights, but they are the same type of goods, of a different weight per yard, but I am glad to have that state-
10 ment that Dominion Textile does not manufacture a type that competed with the Japanese fabric.

MR. BALLANTYNE: That is what you say.

BY MR. McRUER: Q. Now we will go on, Mr.
15 Howson, to deal with the statement respecting Canadian Cottons.

THE COMMISSIONER: What page?

THE WITNESS: The very first page of Exhibit 917.

BY MR. McRUER: Q. Just before going on with
20 that, and before my friend goes away, there is another matter I wanted to ask you about, Mr. Howson, on which he may wish to cross-examine. This affects more than Montreal Cottons; it affects Dominion Textile and other mills. Mr. Kellock is here too.

25 Now, Mr. Howson, did you make an effort to ascertain from the companies whether their costs -- I hardly know what to call it -- they call them their estimated costs, but did you try to ascertain whether the costs that are put forward as the costs of manufacturing
30 tie in with their financial records as the actual costs? A. Yes, I have made such inquiries.

As a matter of fact, one part of the questionnaire was designed to get that information from the companies.

Q. Which part are you referring to?

5 A. I am referring to Sheets 14A and 14B under the heading, Mill Production and Operating Account for fiscal year ending, (blank), on a standard cost basis, and at the foot of that sheet --

BY MR. KELLOCK: Q. Which sheet is that?

10 A. 14A for the Textile Companies and 14B for the hosiery and knitting. At the foot of the page there is provision for showing the actual cost of the sales

BY MR. McRUER: Q. Yes, and you are now looking at the answers submitted by each company? A. These are the sheets submitted by the Textile Company.

15 Q. Yes, and did they file any sheet in reference to standard costs? A. These are supposed to be standard costs.

20 Q. And have they filed any sheet in regard to actual costs? A. Yes, but not if you are speaking of the Dominion Textile Company. This was only for one year and on a test basis for one or two mills. They could not give me a complete picture at all, and they had no means of doing so. They advised me that the only way they dealt with the matter was to make a periodical test of individual mills, and they have not been able to give me a complete story of all their mills.

25 30 Q. Were they able themselves to tie up for you their standard costs with their actual operating

11-10-1911

11-10-1911

is a matter of fact, one part of the presentation
was designed to get that information from the

Which part was your reference to?

I am referring to sheets 144 and 145 under the
heading, Mill Production and Operating Account for
1908-1909, (blank), on a standard cost
basis, and at the foot of that sheet --

Q. Which sheet is that?

A. 144 for the Laclede Lumber and 145 for the
Laclede and Lumber. At the foot of the page is
the explanation for showing the actual cost of the
Laclede Lumber. Q. Yes, and you are now looking

at the accounts submitted by each company?
A. Yes, and the sheets submitted by the Laclede Company.

Q. Yes, and did they file any sheet in reference
to standard costs? A. These are supposed to
be standard costs.

Q. And have they filed any sheet in reference to
actual costs? A. Yes, but not if you are
speaking of the Dominion Lumber Company. This was
only for one year and on a test basis for one or two

years, and they had no means of doing so. They
advised me that the only way they dealt with the
matter was to make a periodical test of individual
mills, and they have not been able to give me a
complete story of all their mills.

Q. Now they are themselves to tie up for
you their standard costs with their actual costs.

costs? A. No, they were not.

Q. Now did you endeavour to tie up in the case of Canadian Cottons their standard costs with actual operating costs? A. Yes.

5 Q. In the first place did they have standard costs? A. They had what they called standard costs, yes, but they were not able to give me any information on that at all, because they do not make any attempt, as I understand it, to tie
10 up the standard costs with the actual costs, and certainly they were not able to give me any information in completion of these statements.

Q. And you tried to get it from them? A. Yes.

15 Q. What about Montreal Cottons? A. Montreal Cottons was in practically the same position.

(Page 12920 follows)

20

25

30

Q. Now, they came out.
A. Yes, they came out.
Q. Now, did you endeavor to stop in the case
of carrying out the student's body with some
of the students?
A. Yes, I did.
Q. Is that the place the two students
were?
A. Yes, that's the place they called
the "Red Room", but they were not able to give
me any information on that at all, because they do
not know any thing, and I was asked to go to the
the "Red Room" with the other students, and
certainly they were not able to give me any infor-
mation in connection of those statements.
Q. Now, you tried to get it from them? A. Yes.
Q. Now, did you try to get it from them?
Q. Now, was it possible to get the information?

(Page 1210 to 1211)

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15
20
25
30

MR. HEWARD: The same position as Dominion Textile or --

THE COMMISSIONER: Can you give us any more light on the discrepancies that exist between one and the other ?

BY MR. McRUER: Q. In the first place, as far as Canadian Cottons was concerned it was a complete blank; you could not relate one to the other at all? A. No.

Q. So that when anything was put forward as the cost of an article it was the standard cost, as they called it, so-called standard cost was the only thing they had to resort to ? A. Yes.

Q. But that could not be related to the operations of the mill, as I understand it at all ? A. No.

Q. With the Dominion Textile there was some attempt made by tests, you say ? A. Yes.

Q. And can you give us any information as to the result of those tests ? A. Well, in all cases the tests -- the compilation of the figures had to be adjusted very substantially to tie up with the individual mill records.

Q. What do you mean by that ? A. This is one mill, for instance --

MR. HEWARD: Are you referring now to Dominion Textile ?

THE WITNESS: Dominion Textiles, yes, the Mount Royal Branch. They show operating cost sheet of \$818,790.57. They deduct some adjustments for abnormal repairs, head office charges, \$8,000. and bring it down to \$810,000. Then they show total estimated

... same position as Dominion Textile ...

on the discrepancies that exist between one and the other?

MR. McLELLAN: In the first place, as far as Canadian Cotton was concerned it was a complete disaster. I could not relate one to the other at all. A. No. ... so that when anything was put forward as the

cost of an article it was the standard cost, as they called it, so-called standard cost was the only thing they had to resort to?

A. Yes. But that could not be related to the operation of the mill, as I understand it at all? A. No.

... tent made by tests, you say? A. Yes.

3. And can you give us any information as to the result of these tests? A. Well, in all

cases the tests -- the compilation of the figures had to be adjusted very substantially to tie up with the individual mill records.

4. What do you mean by that? A. This is one mill, for instance --

MR. McLELLAN: Are you referring now to Dominion Textile?

THE WITNESS: Dominion Textile, yes, the same thing. ... they were ... it down to \$850,000. Then they saw total estimated ...

cost by styles produced of \$718,092.49. That is on the standard cost basis leaving a difference of \$92,078. under the actual cost.

MR. BALLANTYNE: Say that again please ?

5 BY THE COMMISSIONER: Q. That is the standard cost is less than the actual ? A. In this case, yes.

MR. HEWARD: My we get that page again, that mill again ? A. The Mount Royal Branch.

Q. And the page of the record of questionnaire ?
10 A. It is 14-a.

Q. The standard cost is less than the actual cost?
A. Yes. Then they proceed to show a reconciliation of that by setting up several items under the heading of
15 Standing Wages, \$16,186.30, Office Salaries, \$23,211.76, Head Office overhead charges \$348,923.74 making a total of \$388,321.80. Then they deduct \$288 911.42 from that showing a difference of \$99,410.38.

BY MR. McRUER: Q. What was the purpose of that deduction ?
20 A. Then they mention weave room operated at 74.4 per cent of standard and the standing charges unearned amounted to \$99,410.38, and that in comparison with the 92,000 shows an over-estimate of \$7,331.62.

Q. That means with the standard cost adjusted
25 in that way they were over-estimated by \$7,331.62 ?
A. Yes.

MR. BAILANTYNE: Just a minute; I am finding it difficult to follow. Is this still the Mount Royal
30 mill ?

BY THE COMMISSIONER: Q. You are talking of the

5

MR. BRYDIE: Say that again please?

BY THE WITNESS: That is the standard cost

is less than the actual?

MR. BRYDIE: Why we got that page again, that

very much?

... the type of the record of questionnaires?

10

A. It is 14-a.

... the standard cost is less than the actual cost

... then they agreed to show a reconciliation

that by setting up several items under the heading of

standing wages, \$18,180.30, office salaries, \$25,211.7

these office overhead charges \$24,913.74 making a total

of \$68,105.74. Now the actual cost was \$68,105.74

showing a difference of \$2,410.38.

BY MR. BRYDIE: What was the purpose of that

A. Then they mention waste room deduction?

15

operated at 74.4 per cent of standard and the standard

charges incurred amounted to \$32,410.38, and that in

comparison with the \$2,000 above an over-estimate of

\$7,551.62.

20

... That means with the standard cost adjusted

in that way they were over-estimated by \$7,551.62?

MR. BRYDIE: Just a minute; I am finding it

that was the point. Is that right?

25

... the standard cost

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Howson

same mill ? A. Yes.

MR. BALLANTYNE: On how much is that, how much is involved ? A. \$718,000.

MR. McRUER: 1.02 per cent over-estimated.

MR. BALLANTYNE: If you put it in percentage I will understand it better, 1.02.

THE WITNESS: Over-estimated.

BY MR. McRUER: Q. Well, these adjustments that are made for head office and so on, they have nothing to indicate how they are worked out or whether they are just arbitrary ? A. It is impossible for me to determine that unless I have the whole picture of all their mills so I could compare it with the total expenditure. Dealing with one mill by itself does not mean a thing.

BY MR. HEWARD: Q. We have not declined to give you that ? A. No, you have not been able to give it to me. Your accounts Department told me in regard to one mill that they have never been able to do it. That is the Montmorency mill, and it would be impossible. They were to give me some others which they were working on, to give me two mills I think it is. They were to give me some others which they have been working on which have not come to hand yet. So it has been impossible to make any tie up with their standard cost system and the actual costs, and for other reasons besides that it will be impossible without very extensive adjustments because the charges under their standard cost systems are entirely different from the charges to their operating accounts. For instance,

0067037

8890

205

Q. Now much is that, how much is

• Determina-se o tempo que se gasta para se fazer

these repairs and betterments are not all charged to the costs in the year in which they are charged off in the financial books.

5 BY MR. McRUER: Q. Just let us understand that more clearly. You say there are charges to repairs and betterments that are charged against profits in a certain year but not reflected in their costs of the same year ? A. They spread them over the life of these betterments in working out their costs.

10 Q. They would charge the whole thing against profits in one year ? A. Yes.

15 Q. But they spread it over the life of the betterments in working out their costs ? A. Yes, I understand their depreciation charges in their costs do not relate to the depreciation charge put through from year to year.

20 Q. Well then, they will have in the costs one item for repairs and betterments but in the actual books for that year it is another one ? A. It is a different item.

Q. They have in the costs one item for depreciation but in their books it is worked out on another basis ? A. So they tell me.

25 Q. That is the information you get from them ? A. Yes.

Q. So when we take these fabrics which are filed here with the standard cost sheet that you have looked at -- you have seen those ? A. Yes.

30 Q. You cannot take those in any way so far with all the help they have been able to give you and relate

them to the actual manufacturing costs? A. I have not discovered any way to do it yet.

Q. And they have been trying to assist you with that? A. Oh yes.

5 Q. You have no complaint about the efforts they have made? A. No, the Dominion Textile Company have given us every cooperation they possibly could.

10 Q. And as far as Canadian Cottons is concerned it is just a blank there; you cannot even make a start?

A. No, there is no possibility of doing anything with Canadian Cottons.

15 Q. Well now, what about the other companies that you have dealt with? A. Montreal Cottons did not make any return under 14-a at all.

Q. You got no return from them at all?

MR. HEWARD: Which company?

THE WITNESS: Montreal Cottons.

20 BY MR. Mc RUER: Q. Montreal Cottons; what about the other companies such as Penmans, for instance?

A. Penmans made a very complete return, but it was subject to quite wide variations from year to year.

25 MR. HEWARD: Before you go on to a new company might I just interpose a question?

MR. McRUER: Yes.

30 BY MR. HEWARD: Q. Mr. Howson, you do not suggest there is anything improper in charging off depreciation over a term of years in the standard costs when it is not done against profits generally, do you? There is nothing improper or unusual about that?

Q. 101

... and they have been trying to assist you with

... You have no complaint about the efforts they

... have made ?

... have given us every cooperation they could

... and as far as Canadian relations is concerned

... is just a black share; you cannot have more than

... No, there is no possibility of having anything at

... Canadian relations.

... Tell me, what about the other companies in

... you have dealt with ?

... not make any return under the act.

... You got no return from them at all ?

... Yes, sir; which company ?

... The Atlantic; Montreal Cottons.

... Yes, sir; Montreal Cottons; what else

... the other companies such as Penman's, for instance ?

... Penman's made a very complete return, but it was in

... fact he quite with variations from year to year.

... Yes, sir; before you go on to a new company

... what I just interpose a question ?

... Yes, sir.

... Yes, sir; Penman's, you do not know

... that there is anything improper in charging off losses

... and that is the only reason for the return being

... is it not the same thing as the return being

... that is the only reason for the return being

... that is the only reason for the return being

You told us the depreciation in betterments they carried that over the life --

MR. McRUER: No, you are confusing two things. Betterments were done in one way and the depreciation in another.

BY MR. HEWARD: Q. Let me get that clear so we can check it? A. I understand they did not charge in some years the same amount of depreciation to their costs as they had charged against the operations for the year in their financial records.

BY THE COMMISSIONER: Q. Charged less against operations than they had charged in their financial records? A. It may be either way.

Q. Both ways? A. Yes.

BY MR. HEWARD: Q. Do not charge the same depreciation -- A. In some years.

Q. In some years against cost as they did in the financial records but you don't know whether it was more or less? A. No, I did not follow the matter up, when I found it was impossible to do anything with it.

BY THE COMMISSIONER: Q. I thought you said it was more in the financial records? A. That was in connection with betterments.

BY MR. HEWARD: Q. On the betterments they charged -- A. They charged off betterments on the basis of the life of the betterments.

Q. When they were charging against cost?

A. When they are setting up their costs; in their financial records these charges would be charged off

entirely against profits of the year in which they were purchased.

Q. That would tend to lower costs, wouldn't it ?

A. Yes.

5

BY THE COMMISSIONER: Q. That is for betterments.
it
Now, for repairs/is not so clear, is it, for repairs ?

A. I have been treating betterments and repairs together.

MR. McRUER: For depreciation.

10

BY MR. HEWARD: Q. But the result then would be that in their cost account their cost would be lower as a result of their having spread the betterments over a period of years ? A. Yes.

THE COMMISSIONER: Betterments and repairs.

15

MR. HEWARD: Betterments and repairs ? A. Of course, I cannot deal with one without the other because they are grouped together but that would apply to the betterment or to the equipment. You see, the repairs, ordinary repairs would be charged up each year and the proportion of the account which represented ordinary repairs would be charged for each year.

20

Q. By equipment we mean things like bobbins, spools and belting ?

25

A. Yes, it is quite a wide variety.

Q. Stuff that is consumed rapidly, it is not machinery ? A. Some of it has a life of ten or fifteen years, according to the company's records.

30

Q. Some of it; it is not plant and machinery, it is equipment like bobbins, spools and a great

entirely against profits of the year in which they

... that would tend to lower costs, wouldn't it

A. Yes.

BY THE COURT: ... that is for the purpose
it
now, for repairs, is it as clear, is it, for repairs

A. I have been treating depreciation and repairs to-
gether.

MR. HOWSON: My objection.

BY THE COURT: ... but the result then would be
that in their cost account they would be lower
as a result of their having added the depreciation

A. Yes. over a period of years?

MR. HOWSON: Depreciation and repairs.

A. ... depreciation and repairs? A. Of
course, I cannot deal with one without the other be-
cause they are inseparable. But they would relate
to the depreciation or to the equipment. You see, the
repairs, ordinary repairs would be charged up each
year and the proportion of the account which repre-
sented ordinary repairs would be charged for each
year.

A. By equipment we mean things like bobbins,

A. Yes, it is like
spools and bobbins?
a wide variety.

A. Start that is covered rapidly, it is not

A. ... it has a life of ten
or fifteen years, according to the company's records.
... some of it; it is not almost entirely
... like other things that

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variety of stuff of that kind, belting ? A. Yes, attachments.

Q. Have you anything more to ask about Dominion Textile, Mr. McRuer.

5 MR. McRUER: Yes, I have one other question on this subject. Were the Dominion Textile able to tell you in what manner they related their selling price, or fixed their selling price in relation to the standard cost, or their actual cost ? A. No, I did not go
10 into that in detail.

MR. HEWARD: I did not get the answer ?

MR. McRUER: He said he did not go into that. I think Mr. Hooper gave us the evidence --

15 MR. HEWARD: How did Dominion Textile relate its selling price --

MR. McRUER: To the standard cost; I think Mr. Hooper's evidence was that Mr. Dodd had told him the costs had nothing to do with the fixing of the selling price.

20 MR. BALLANTYNE: Naturally not, competition is the thing that fixes prices.

MR. McRUER: Well, we are glad to have that on the record, because that is what we are anxious that it should be.

25 THE WITNESS: You were asking me about --

MR. McRUER: Well, before I leave Montreal Cottons Mr. Rene has been good enough to direct my attention to the fact that quite a number of exhibits have been
30 forwarded to the Secretary of the Commission pursuant to our request at the examination of the witnesses

... of that kind, holding? A. Yes.

Have you anything more to say about Dominion?

MR. MOORE: Yes, I have one other question on the subject. Were the Dominion Textile Mills to sell you in what manner they released their selling price, or fix their selling price in relation to the standard cost or their actual cost? A. No, I did not go into that in detail.

MR. MOORE: I did not get the answer?

MR. MOORE: He said he did not go into it. I

think Mr. Hooper gave us the evidence.

MR. MOORE: How did Dominion Textile relate its selling price --

MR. MOORE: To the standard cost; I think.

... of the selling price --

MR. MOORE: Naturally not, competition is the thing that fixes prices.

MR. MOORE: Well, we are glad to have that in the record, because that is what we are anxious that it

THE WITNESS: You were asking me about --

... of the selling price --

12928

Howson

at Valleyfield, and I think these should be put on the record now before we go any further.

MR. KELLOCK: If you are getting away from this question of costs there are a few questions I would like to ask.

MR. McRUER: I am going to ask about Penmans and other firms you represent.

THE COMMISSIONER: These are a number of different exhibits ?

MR. McRUER: Yes.

THE COMMISSIONER: The first one will be 953; what is it ?

MR. McRUER: It is a letter from Meredith, Holden, Heward & Holden, to Mr. Whiteley dated the 7th of October, 1936, and a letter from Mr. Whiteley to Messrs. Meredith, Holden, Heward & Holden --

MR. HEWARD: All in the same exhibit ?

MR. McRUER: Yes, dated August 31st, 1936, and a letter from Meredith, Holden, Heward & Holden to Mr. Whiteley, dated the 29th of August, 1936, and a letter from Mr. Whiteley --

THE COMMISSIONER: What is the date of that one ?

MR. McRUER: The 29th of August, 1936, my lord, and a letter from Mr. Whiteley to the same firm dated the 28th of August, 1936 with some memoranda from the evidence attached.

MR. HEWARD: That is attached to the last letter ?

MR. McRUER: All the letters are together. The memoranda is attached to the exhibit.

EXHIBIT No. 953: Correspondence between Meredith, Holden, Heward &

1883

HOWARD

Mr. Whitely, and I think these should be put on the record now before we go any further.

Mr. Whitely: If you are getting away from the question of costs there are a few questions I would like to ask.

Mr. McNeill: I am going to ask about payments and what time you made the payments? The Commission (I think) has a number of exhibits?

Mr. McNeill: Yes. The Commission: The first one will be 933; what is it?

Mr. McNeill: It is a letter from Meredith Holden dated the 7th of October, 1933, and a letter from Mr. Whitely to Meredith Holden, Howard & Holden -- Mr. McNeill: All in the same exhibit?

Mr. McNeill: Yes, dated August 31st, 1933, and a letter from Meredith Holden, Howard & Holden to Mr. Whitely, dated the 28th of August, 1933, and a letter from Mr. Whitely --

THE COMMISSIONER: What is the date of that one? Mr. McNeill: The 28th of August, 1933, and a letter from Mr. Whitely to the same firm dated the 28th of August, 1933 with some memoranda from the same firm dated --

Mr. McNeill: That is attached to the last letter? Mr. McNeill: Yes, that is attached to the last letter.

Mr. McNeill: That is attached to the last letter? Mr. McNeill: Yes, that is attached to the last letter.

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Holden, and Mr. A. S. Whiteley under dates of 28th of August, 29th of August, 31st of August, and 7th of October, 1936.

MR. McRUER: The letter refers --

THE COMMISSIONER: What letter?

MR. McRUER: Exhibit 953 to a statement of retiring allowances that is filed as exhibit 320. Then, the next exhibit is a statement of employees working in weaving departments in the mill, the number of employees working in weaving room departments of the mill, 1929 and 1935.

THE COMMISSIONER: 1929 to 1935, did you say?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: That will be 954.

EXHIBIT No. 954: Statement of number of employees working in weaving departments of Montreal Cottons' mill, 1929 and 1935.

MR. McRUER: The next is the production of the weaving room --

THE COMMISSIONER: What is it?

MR. McRUER: Weave room production and wages paid during the years 1929 and 1935.

THE COMMISSIONER: All those years?

MR. McRUER: In the two years.

THE COMMISSIONER: For the two years.

MR. McRUER: 1929 and 1935.

THE COMMISSIONER: The exhibit just before also referred just to the two years?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: That is 955.

EXHIBIT No. 955: Statement of weave room production and wages paid, 1929 and 1935, Montreal Cottons.

Howson

1932

Bohem, and Mr. A. E. Whelan
under and a of 200 of August
200 of August, 1932 of August
and 7th of October, 1932.

MR. HOWSON: The letter refers --

THE COMMISSIONER: What letter?

MR. HOWSON: Exhibit 933 is a statement of retail
sales for the year 1932. It is filed as exhibit 933. It is a
statement of employees working in weaving
in the mill, the number of employees working
in weaving room departments of the mill, 1932 and 1933.
THE COMMISSIONER: 1932 to 1933, did you say?

MR. HOWSON: That will be 934.

STATEMENT OF NUMBER OF
EMPLOYEES WORKING IN
WEAVING DEPARTMENTS OF
MILL, 1932
and 1933.

MR. HOWSON: The next is the production of the

THE COMMISSIONER: What is it?

MR. HOWSON: Weave room production and wages for

during the years 1932 and 1933.

THE COMMISSIONER: All those years?

MR. HOWSON: In the two years.

THE COMMISSIONER: Not the two years.

MR. HOWSON: 1932 and 1933.

THE COMMISSIONER: The exhibit just before also

referred just to the two years?

MR. HOWSON: Yes, sir.

THE COMMISSIONER: That is all.

STATEMENT OF NUMBER OF
EMPLOYEES WORKING IN
WEAVING DEPARTMENTS OF
MILL, 1932
and 1933.

12930

Howson.

MR. McRUER: The amount paid weave room operators per thousand yards of cloth produced in 1929 was 14.89. In 1935 it is 13.80, dollars.

THE COMMISSIONER: Thirteen point what ?

5 MR. McRUER: \$13.80; that is 954 is it ?

THE COMMISSIONER: 955.

MR. McRUER: The next is a memorandum of basic rates of wages asked for at page 5512 of the evidence.

10 THE COMMISSIONER: Does that mean wages in the weaving room again ?

MR. McRUER: In the weave room.

THE COMMISSIONER: For the same year ?

MR. McRUER: It is in the year 1936.

15 MR. BALLANTYNE: Basic wages is for more than the weave room; it is for each department.

MR. McRUER: Oh yes, it is basic wages for each department.

THE COMMISSIONER: For 1936 ?

20 MR. McRUER: Yes, my lord.

THE COMMISSIONER: That is 956.

EXHIBIT No. 956: Statement of basic wages,
Montreal Cottons, 1936.

25 MR. McRUER: The next is a statement of Municipal Taxes for the year 1935 asked for at page 5517 of the evidence.

THE COMMISSIONER: Taxes for what year ?

MR. McRUER: 1935, my lord.

THE COMMISSIONER: That is 957.

30 EXHIBIT No. 957: Statement of Municipal Taxes for year 1935, Montreal Cottons.

Witness.

1980

Q. Now, the amount paid to the room operators per telephone number in 1980 was \$1.00. In 1981 it was \$1.00, correct?

A. Yes, that is correct.

Q. Now, the amount paid to the room operators per telephone number in 1982 was \$1.00, correct?

A. Yes, that is correct.

Q. Now, the amount paid to the room operators per telephone number in 1983 was \$1.00, correct?

A. Yes, that is correct.

Q. Now, the amount paid to the room operators per telephone number in 1984 was \$1.00, correct?

A. Yes, that is correct.

Q. Now, the amount paid to the room operators per telephone number in 1985 was \$1.00, correct?

A. Yes, that is correct.

Q. Now, the amount paid to the room operators per telephone number in 1986 was \$1.00, correct?

A. Yes, that is correct.

Q. Now, the amount paid to the room operators per telephone number in 1987 was \$1.00, correct?

A. Yes, that is correct.

Q. Now, the amount paid to the room operators per telephone number in 1988 was \$1.00, correct?

MR. McRUER: The next is a statement of the appraisal on the building.

THE COMMISSIONER: 958.

EXHIBIT NO. 958: Statement of appraisal on building, Montreal Cottons as of 29th June, 1936.

MR. McRUER: The appraisal made on the 29th of June, 1936 shows a valuation of \$2,413,336. You might just make a note of this, Mr. Howson. Exhibit 958, the appraisal made on the 29th of June, 1936, shows the valuation to be \$2,413,336. The valuation was fixed by the Court in the spring of 1934 at \$3,765,917. A. What is the first figure, Mr. McRuér?

Q. \$2,413,336.

THE COMMISSIONER: That is by the court when?

MR. McRUER: Fixed by the court in 1934 at \$3,765,917. The next is a statement of the total purchases of rayon yarn from Courtaulds for the years 1930 to 1936.

THE COMMISSIONER: Purchases from Courtaulds?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: What years?

MR. McRUER: 1930 to 1936.

THE COMMISSIONER: 959.

EXHIBIT No. 959: Statement of total purchases of rayon from Courtaulds by Montreal Cottons, 1930 to 1936.

MR. McRUER: The next is a statement of total purchases of rayon yarn from Courtaulds for five months' period ending May 31st each year in the years 1934, 1935 and 1936.

Henson,

1901

MR. McNEER: The next is a statement of the

appraisal on the building.

THE COURT: Yes.

MR. McNEER: The appraisal made on the 20

of 1901, 1902 shows a valuation of \$2,125,000.

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of 1901, 1902 shows a valuation of \$2,125,000.

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of 1901, 1902 shows a valuation of \$2,125,000.

MR. McNEER: The appraisal made on the 20

of 1901, 1902 shows a valuation of \$2,125,000.

THE COMMISSIONER: For how many months ?

MR. McRUER: Five months ending May 31st, each year.

THE COMMISSIONER: What are the years ?

MR. McRUER: 1934, 1935 and 1936.

5 EXHIBIT No. 960: Statement of total purchases of rayon from Courtaulds for five months ending May 31st, in years 1934, 1935 and 1936.

10 MR. McRUER: This shows in the year 1934 338,350 pounds were purchased in those months; 1935, 250,156 pounds and 1936, 423,738 pounds. The next is a copy of an agreement between the Dominion Textile Company and the Montreal Cottons Limited dated the 30th of September, 1934. This refers to the selling arrangements, that is correct, is it not ?

15 MR. BALLANTYNE: Yes.

THE COMMISSIONER: Is that when Dominion Textiles became selling agents for Montreal Cottons ?

20 MR. McRUER: Yes, my lord. That is one of the documents I think we agreed at Valleyfield in filing it that there is a confidential relationship connected with it that we had been preserving in reference to these particular arrangements.

25 EXHIBIT No. 961: Agreement between Dominion Textile Company Limited and the Montreal Cottons Limited, dated 30th of September, 1934.

MR. McRUER: The next is a list of dividends, paid on the common stock from 1911 to 1936.

THE COMMISSIONER: What is this ?

30 MR. McRUER: A list of dividends paid on the common stock from 1911 to 1936, my lord.

THE COMMISSIONER: 1911 to 1936 ?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: 962.

EXHIBIT No. 962: Statement of list of dividends paid on common stock of Montreal Cottons Limited from 1911 to 1936.

5

MR. McRUER: The next is a summary of employees' cottages account prior to 1929.

THE COMMISSIONER: What is it, a summary?

10

MR. McRUER: Of employees' cottages account prior to 1929; your lordship will recollect they had a system of renting cottages to employees at Valleyfield and the question arose, I think, as to the amount of depreciation they had taken as against these cottages and the amount of rent they were receiving, and so on.

15

THE COMMISSIONER: 963.

EXHIBIT No. 963: Summary of Employees' Cottages Account prior to 1929.

20

MR. McRUER: And the next is a copy of the manufacturing account as of the 30th of June -- for a period of six months prior to the 30th of June, 1926.

THE COMMISSIONER: A statement of manufacturing account?

MR. McRUER: Yes, my lord.

MR. BALLANTYNE: Are there other years in that?

25

MR. McRUER: Oh yes, that is right.

THE COMMISSIONER. What is that?

MR. McRUER: It runs really from 1926 to 1935.

THE COMMISSIONER: Six months out of each year?

MR. McRUER: Yes.

30

MR. BALLANTYNE: My recollection is they only started that system in 1926, only got six months in

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Prof van der Meer

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THE COMMISSIONER: What is it, a summary?

of six months prior to the 30th of June, 1938.

.Erol ya ,eeY :A BROM. AM

MR. BALLANTYNE: Are there other years in that?

THE COMMUNIST PARTY

Dr. McLaughlin: It was really from 1936 to 1937.

THE COMMISSION: Six months out of each year?

that year, but apart from that year they are for the full year.

MR. McRUER: Quite right; it is from the 30th of June, 1926 up until the 31st of December, 1935. Mr. Howson, you might make a note of this exhibit number.

THE COMMISSIONER: It will be 964.

EXHIBIT No. 964: Copy of manufacturing account, Montreal Cottons, from 1926 to 1935.

MR. McRUER: The next is a memorandum in regard to the repair account, 1929 to 1935. Make a note of that.

THE COMMISSIONER: The repair account for what year ?

MR. McRUER: 1929 to 1935, my lord.

THE COMMISSIONER: 965.

EXHIBIT No. 965: Memorandum re repair account from 1929 to 1935.

MR. McRUER: The next is a memorandum with regard to the maintenance division of pay roll for fortnight ending February 23rd, 1933.

THE COMMISSIONER: That is fortnight ending February 23 ?

MR. McRUER: 1933, yes, my lord.

THE COMMISSIONER: 966.

EXHIBIT No. 966: Memorandum re maintenance division of pay roll for fortnight ending February 23rd, 1933.

MR. McRUER: The next is a statement of amounts charged to equipment account, 1931 to 1935.

THE COMMISSIONER: 1931 to 1935 ?

MR. McRUER: Yes, my lord.

HOWSON

1914

that year, but apart from that year they are for the
year 1914.

... quite right; it is from the 30th of
June, 1914 up until the 31st of December, 1914. Now
HOWSON, you might make a note of this exhibit number
THE COMMISSIONER: It will be 964.

... copy of manufacturing
... from 1914 to 1915.

... The next is a memorandum in regard to
... made a note of

THE COMMISSIONER: The report account for what

MR. HOWSON: That is 1914, my lady.
THE COMMISSIONER: 965.

... Memorandum as regards account
... from 1914 to 1915.

MR. HOWSON: The next is a memorandum with regard
to the maintenance division of pay roll for fortnight
ending January 27th, 1915.

... that is fortnight ending 1915

... THE COMMISSIONER: 966.

... Memorandum to maintenance
division of pay roll for
... 1915.

... THE COMMISSIONER: 967.

... THE COMMISSIONER: 968.

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THE COMMISSIONER: 967.

EXHIBIT No. 967: Memorandum re amount charged
to equipment account, 1931 to
1935.

THE COMMISSIONER: Is that all ?

5

MR. McRUER: Yes, my lord; again I congratulate
my friends on the very methodical and careful way they
have complied with our request.

MR. BALLANTYNE: That is very nice of you.

MR. HEWARD: Thank you.

10

THE COMMISSIONER: Are you through with Montreal
Cottons ?

MR. McRUER: Yes, I am through with Montreal Cottons.

-- The Commission adjourned for a short recess.

15

Page 12935 follows

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25

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BRIDGE

A letter to the
to equipment account, 1901
1902.

BRIDGE

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-- After recess.

MR. McRUER: Q. I just asked you I think Mr.

Howson, in reference to the Penman Company how their standard cost worked out in comparison with the oper-

5 ating cost? A. I made a summary for the period

from 1926 to 1935. In 1926 the net profit on the

standard basis was \$857,184.54. On the actual basis

\$668,758.46. In 1927 it was on the standard basis

10 \$1,198,080.96, and \$767,869.77 on the actual basis.

In 1928 on the standard basis \$1,126,621.32 and on the

actual basis \$689,061.78.

THE COMMISSIONER: Q. That is a tremendous difference?

A. Yes.

15 MR. McRUER: Q. What year was that? A. 1928.

Q. Now, the standard basis, the costs were how much higher than the actual in the result? A. In 1928---

MR. KELLOCK: No, they were lower.

20 THE COMMISSIONER: The standard was nearly double

the actual? A. In 1928, \$1,126,621.32 against

\$689,061 - \$437,000 greater.

MR. KELLOCK: That means the standard costs were too low.

25 MR. McRUER: My point is when they show their standard costs - say this is our costs of production, it is away higher than the actual results.

MR. KELLOCK: No, it is the other way.

30 THE COMMISSIONER: It is the other way; the profits are higher if they calculate on their standard basis, they are lower in reality.

Q. I just asked you I think Mr. Howson, in reference to the Pearson Company how the standard cost worked out in comparison with the actual cost. A. Yes. Q. In 1926 the net profit on the standard basis was \$837,154.34. On the actual basis it was on the standard basis \$1,188,080.96, and \$707,329.77 on the actual basis. In 1928 on the standard basis \$1,186,681.52 and on the actual basis \$888,001.73. Q. That is a tremendous difference. A. Yes. Q. That year was that? A. 1928. Q. Now, the standard basis, the costs were how much higher than the actual in the results? A. In 1928 Mr. KELLICK: No, they were lower. THE COMMISSIONER: The standard was nearly double the actual? A. In 1928, \$1,186,681.52 and \$888,001 - \$298,680 Greater. Mr. KELLICK: That means the standard costs were higher than the actual results. A. Yes. Q. My point is when they show their standard costs - say this is our costs of production, it is higher than the actual results. Mr. KELLICK: No, it is the other way. It is the other way; the profit is calculated on their standard basis.

MR. KELOCK: Yes, the standard costs are much too low.

MR. McRUER: That is my point - standard costs here, for instance ---

THE COMMISSIONER: Would have given them a profit in 1928 of one million dollars odd, but in reality their profit was only \$689,000, so that their actual costs are greater than their standard costs.

MR. McRUER: Well, their^{actual} costs, yes.

THE COMMISSIONER: Yes, almost double. At least the profits come out that way. The profits were only a little more than half what they would have been on their standard costs.

THE WITNESS: Then in 1929, standard \$1,090,612.95 and actual \$579,413.95. In 1930 their standard, \$566,446.94 and their actual \$332,716.91. In 1931 their standard, \$388,472.96, and their actual \$315,817.48. In 1932 their standard \$152,047.86 and their actual \$290,113.70.

MR. McRUER: That is the other way around.

THE WITNESS: 1933 their standard costs \$247,278.07 and their actual \$455,624.27.

THE COMMISSIONER: Turned right around now.

THE WITNESS: In 1934 their standard \$547,666.44 and the actual \$471,447.64. In 1935 standard, \$440,834.17 against actual \$419,526.68. Then following that up I have a letter from their costs man in regard to their costs.

Q. Now, the standard costs are much to

Q. Now, that is my point - standard costs were

for instance -

THE COMMISSIONER: Would have given them a profit

is 1933 of one million dollars only, but in reality the

profit was only \$333,000, so that their actual costs

are greater than their standard costs.

actual

Q. Now, will you say, will you say,

THE COMMISSIONER: Yes, almost certainly. At least

Q. Now, if you say that the profit was only

a little more than half what they would have been on

their standard costs.

THE COMMISSIONER: Yes, in 1933, standard costs were

and actual \$573,413.95. In 1933 their standard

\$583,440.34 and their actual \$333,718.21. In 1931

their standard costs were \$573,413.95 and their actual

in 1932 their standard \$132,047.30 and their actual

\$230,113.70.

Q. Now, that is the other way around.

THE COMMISSIONER: 1933 their standard costs \$573,413.95

and their actual \$333,718.21.

THE COMMISSIONER: Turned right around now.

THE WITNESS: In 1934 their standard \$319,538.44

and their actual \$21,047.30. In 1935 standard

and their actual \$21,047.30. In 1935 standard

Q. Now, if you have a letter from their case now in

MR. McRUER: We probably better have this filed.

THE COMMISSIONER: Q. This is re Penman's Limited?

A. Yes.

MR. McRUER: This is a letter from Penman's Limited
to Thorne, Mulholland & Company, dated October 8th,
1936.

THE WITNESS: There is another letter on October
14th, 1936.

THE COMMISSIONER: Q. From the same company? A. Yes,
which explains the various accounts.

Q. What is the first letter? A. I had better
read it.

THE COMMISSIONER: Better put the two letters in
together because they are on the same topic.

EXHIBIT 968: Letter from Penman's Limited, to
Thorne, Mulholland dated Oct. 8, 1936,
and letter dated Oct. 14, 1936,

MR. McRUER: Read the first letter.

"Messrs Thorne, Mulgolland, Howson & McPherson,
1018 Federal Building,
Toronto, Ont.

Dear Sirs: Attention Mr. E.J. Howson,
Re Royal Commission on the Textile Industry

Under separate cover we are sending, by
express, Forms 13B and 15.

Re Form 13B: As was arranged with you at a
conference in your office, on July 3rd, we have not
filled in the columns headed 'Pounds' and 'Price.'

Re Form 15: As arranged with you at a
conference in your office, on July 17th, we have
filled in Form 15 for Tweed Cloth only. The

'Selling Price per Unit' is the last quoted list price for 1935. The 'Cost per Unit' is our Standard or Normal Cost. It is to be definitely understood that the Cost per Unit as shown has no definite relationship to 'Selling Price per Unit'. Our Standard Costs are used for transferring merchandise from one account to another, pricing inventories and a basis for determining manufacturing losses or gains. Such costs are not used for price setting.

As arranged with you we are submitting our Price lists only for the balance of the merchandise manufactured at our various mills.

These forms complete our obligation to you for data required by the Royal Commission on the Textile Industry."

Then I wrote them asking for some information as to what represented the difference in the standard and actual cost which had been classified under headings such as "Gain direct material; gain direct labour, gain burden, gain inventory, gain price of material," and their answer is dated October 14th, 1936 addressed to Thorne, Mulholland, Howson and McPherson, and is as follows:

"Dear Sirs:

Attention Mr. E.J. Howson,
RE Royal Commission on the Textile Industry,

Your letter, dated Oct. 9th, re Loss or Gain Inventory and Purchase Loss or Gain has been

'selling price per unit' is the last quoted
last price for 1935. The 'cost per unit' is our
standard or normal cost. It is to be definitely
understood that the cost per unit as shown has no
definite relationship to 'selling price per unit'.
Our standard costs are used for determining
merchandise from one account to another, pricing
inventories and a basis for determining
manufacturing losses or gains. Such costs are
not used for price setting.
As arranged with you we are submitting our
price lists only for the balance of the merchandise
manufactured at our various mills.

These forms complete our obligation to you
for data required by the Royal Commission on the
Textile Industry.
When I wrote them asking for some information as to
what represented the difference in the standard and
actual cost which had been classified under headings
such as "Gain direct material; gain direct labour,
gain burden, gain inventory, gain price of material,"
and their answer is dated October 14th, 1936 addressed
to Mr. [Name], [Address], [City], [Province], [Canada].

Very truly,
[Signature]
[Name]
[Address]
[City], [Province], [Canada]
Your letter, dated Oct. 10, re loss or gain
inventory and price of loss or gain has been

referred to the writer for reply.

Re Loss or Gain - Inventory. - Insofar as material and finished merchandise inventory accounts are concerned you are correct in your conclusion that Loss or Gain - Inventory, represents almost entirely shortages or overages in quantities. Some small part of the adjustment might be due to pricing in the case of material accounts. Materials are debited to the inventory accounts from Purchase Invoices. The accounts are credited with the value of materials used priced at the average landed cost of materials in stock. If these average costs were not accurately figured some part of the adjustment would be due to such errors.

Insofar as the Work-in-Process Account is concerned the Loss or Gain - Inventory is an entirely different matter. A portion of the inventory adjustment for this account would be shortage or overage of quantities. In the main, however, we consider the adjustment for this account to be due to inaccuracies in determining Losses or Gains - Direct Materials, Direct Labour, Burden and Purchase. If these various differences between Standard and Actual Costs are not accurately determined the total undetermined losses or gains will appear as an inventory adjustment because Work-in-Process Account is debited at actual cost values and is credited at Standard cost values.

referred to the writer for reply.

Re loss or gain - Inventory. - Insofar as

concerned the accounts are concerned in your
conclusion that loss or gain - Inventory, re-
presents almost entirely shortages or overages
in quantities. Some small part of the adjustment
might be due to pricing in the case of material
accounts. Materials are debited to the inventory
accounts from purchase invoices. The accounts
are credited with the value of materials used.
The average landed cost of materials is
used. If these average costs were not accurately
figured some part of the adjustment would be due
to such errors.

Insofar as the work-in-process account is
concerned in loss or gain - Inventory is an entirely
ly different matter. A portion of the inventory
adjustment for this account would be shortages or over-
ages of quantities. In the main, however, we
consider the adjustment for this account to be due
to inaccuracies in determining losses or gains.
If these various differences between
the inventory and the work-in-process account are
adjusted, the work-in-process account will
show the correct balance.

Re Purchase Loss or Gain - Direct Materials.-

As advised in our letter, dated Oct. 3rd, Purchase Loss or Gain -Direct Materials has to do with prices only. When materials are withdrawn from stock they are credited to the material inventory accounts and debited to the Work-in-Process account at actual average landed cost. The value of these materials is also determined at the prices used in the Standard Costs. The difference in values is considered to be a Purchase Loss or Gain - Direct Materials and it is debited or credited to Work-in-Process account with contra entries to the Loss or Gain account. Also, the quantities of materials used are compared with the quantities figured in the Standard Costs. Any difference, Priced as Standard Cost per lb. etc. constitutes a loss or gain - Direct Materials and such Loss or Gain is debited or credited to the Work-inProcess Account with contra entries to the Loss or Gain Accounts.

From the above we trust that we have made it clear that if we take the actual cost of production and add or deduct the combined losses or gains for Direct Materials, Direct Labor, Burden, Inventory and Purchase, we then arrive at the Standard Cost value of production."

MR. McRUER: Well, if this standard cost that is shown to be lower than the actual cost is taken for that

From the above we find that we have made it clear that if we take the actual cost of production and add or deduct the combined losses or gains the Direct Materials, Direct Labor, and Direct Expenses will give us the actual cost of production.

purpose of inventory, what would be the effect on the inventory? A. It would show a lower inventory.

Q. It would show a lower inventory than would be shown if taken at actual cost? A. Yes, that is the way we do it.

Q. Then would that work out, as we have experienced with the other companies, that there would be really an inventory reserve? A. It would look like that, yes, and might explain some of the differences between the standard and actual cost.

Q. Well, anything that you can give us that will clear up that matter I would like to have it now?

A. But the variations are so wide in so many of these years that I came to the conclusion that their cost system was, while complete in procedure, it was based on a basis that did not enable me to tie it up with the actual book in any actual accounts in any satisfactory manner.

MR. McRUER: I think we had better have this table filed. Mr. Howson was reading from his working papers. We were discussing a matter of costs at the moment and I think the table that Mr. Howson has read from should be filed. We will have it copied and put on the record.

EXHIBIT 969: Penman's Limited Summary of Profit and Loss on Standard and Actual Cost Basis, 1926, to 1935.

Q. Well now, are there any other observations in regard to other companies, Mr. Howson, in reference to this subject of costs we may dispose of now?

purpose of inventory, what would be the effect on the inventory? A. It would show a lower inventory.

Q. It would show a lower inventory than would be shown if taken at actual cost? A. Yes, that is true.

Q. Then would that work out, as we have experienced with the other companies, that there would be really an inventory reserve? A. It would look like that, yes, and might explain some of the differences between the standard and actual cost.

Q. Well, anything that you can give us that will clear up that matter I would like to have it now?

A. But the variations are so wide in so many of these years that I came to the conclusion that their cost system was, while complete in procedure, it was based on a basis that did not enable me to tie it up with the actual book in any normal accounts in any satisfactory manner.

Q. Mr. Howson was reading from his working paper. We were discussing a matter of costs at the moment and I think the table that Mr. Howson has read from should be filed. We will have it copied and put on the record.

Exhibit 100
Penman's Limited Summary of Profits and Loss on Standard and Actual Cost Basis, 1934, to 1935.

Q. Will you, Mr. Howson, read from the table the figures for the year 1934, and 1935, in the table?

A. Well, there were very few companies that had cost systems that one could deal with.

Q. What was your experience in the Silk Division, for instance. We have not heard anything?

5 A. I think the Celanese Company explained their system.

Q. Yes, we have had their system explained. I wondered in the Broad Silk Industry if you were able to get any tie-up between Standard Cost System and the Actual Cost System, actual costs? A. In the
10 Associated Textiles, Limited, they have a Cost system.

THE COMMISSIONER: At Louiseville?

MR. McRuer: Yes, my lord, head office in Montreal.

THE COMMISSIONER: Q. They have what? A. They
15 have a cost system started in 1934 and the result of the account is that they show in 1933 - 1934 a gain on their labour of \$6,335.83, and a gain on their supplies of \$26,261.30.

MR. McRuer: Q. What do you mean by gain on them?
20 A. As between the amount they charged in standard costs and the actual costs of labour.

THE COMMISSIONER: In this case the actual cost would appear to be lower than the standard cost?

25 A. Yes.

Q. What is the amount? A. Labour, \$6,335.83. On supplies \$26,261.30, and overhead, they have a loss of \$4,793.87, making a net gain of \$27,803.26.

MR. McRuer: Q. That is over the whole business?
30

A. That is for the year. That would mean that their

... that one could deal with.

... your experience in the Milk Division,
... we have not heard anything.

... I think the Gelatine Company explained their system.
... Yes, we have not seen their system explained.

... in the Food Milk Industry if you have any
... any line-up between standard cost system and the
... actual cost system, actual cost?

... they have a cost system.

... Yes, my friend, head office in Montreal.

... They have what?

... have a cost system started in 1934 and the result of

the account is that they show in 1933 - 1934 a gain

on their labor of \$3,333.33, and a gain on their

materials of \$21.25.

... that is your mean by gain on labor?

... as between the amount they charged in standard

costs and the actual costs of labor.

... In this case the actual cost

would appear to be lower than the standard cost?

... What is the amount?

... Labor, \$3,333.33.

... and the material, \$21.25.

... That is the total gain?

... That is the total gain.

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standard costs were higher than their actual costs.

Q. That is not a very wide margin.

THE COMMISSIONER: That is a pretty close estimate.

5 THE WITNESS: In 1934, - 1935, the gain on labour was \$67,066.94; supplies, \$73,740.64, and overhead, \$68,592.13, making a total of \$209,399.71.

MR. McRUER: Q. Now, in considering the extent of that what should we relate it to - to sales? A. Yes.

10 Q. What were the total sales for that year. In Exhibit 916---

THE COMMISSIONER: Q. What is the year? A. 1934-1935.

15 MR. McRUER: Page 3 of Exhibit 916, the sales for the year 1935, associated Textiles, amounted to \$2,128,948.34.

MR. KELLOCK: How much were they * for the previous year?

20 MR. McRUER: \$2,176,321.59. So that they are a little more for the previous year and you say the gain over the standard cost system amounted to how much? A. Which year?

25 Q. 1935? A. \$209,399.71.

Q. Yes, about 10% of the total sales.

THE WITNESS: Now, I have a letter from the Office Manager of the Associated Textiles in which he states:

"Dear Mr. Howson:

30 Please find attached analysis of manufacturing Loss & Gain Account for the years ended July

11/15/54

THE COURT: That is a pretty close estimate.

17,000,000 to total a value of \$1,000,000

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also set, did return to 5 years : 1970-71.

*40,249,051.00

Q. Now, did you know where they were for the

31st, 1934 & 1935. We find that it is impossible to analyse this account prior to August 1st, 1933 as the cost system was not then in operation.

Trusting that this will enable you to get the figures which you require."

Q. Now, were there any other companies that you could give us as clear a statement on as that? A. No.

Belding-Corticelli had been putting in a system.

Q. Then they had no definite cost system that they could submit to you? A. No, they were not able to give me the tie-up.

MR. McRUER: That is all I want to ask Mr. Howson about costs.

Q. Then may we take it in regard to all the other companies, Mr. Howson, that you have not been able to, in answer to your questionnaire, to get anything?

A. I have not had enough to get any general basis for any section of the industry.

Q. To get any basis of comparison of standard costs with actual costs? A. Yes.

Q. With the exception of those that you have told us about? A. Yes.

Q. That covers the whole questionnaire? A. Well, there may be some of the smaller companies.

Q. What about woollen? A. I will have to check that up.

MR. McRUER: We are particularly concerned with the larger companies anyway. All right, Mr. Kellock.

1934 & 1935. We find that it is impossible
to analyse this account prior to August 1st,
1935 as the cost system was not then in operation.
Trusting that this will enable you to get

the figures which you require.
Now, were there any other companies that you could
give us as clear a statement on as that?
A. No.

Wellington-Cortical had been working in a system.
Then they had no definite cost system that they
could submit to you?
A. No, they were not able

to give me the list-up.
Mr. Howson: That is all I want to ask Mr. Howson.

Then may we take it in regard to all the other
companies, Mr. Howson, that you have not been able to,
answer to your questionnaire, to get anything?

I have not had enough to get any general basis for
any section of the industry.

To get any basis of comparison of standard costs
with actual costs?
A. Yes.

With the exception of those that you have told
me about?
A. Yes.

That covers the whole questionnaire? A. Well,
there may be some of the smaller companies.

A. I will have to check.
All right, Mr. Kellock.

CROSS-EXAMINATION BY MR. KELLOCK:

Q. Mr. Howson, did any company in answering this questionnaire to you satisfactorily complete from your point of view the answers to the questions on those two pages that you mentioned, 14-A and 14B- at page 14?

A. Well, there were a good many of them completed the forms. What do you mean by "satisfactorily"?

Q. Well, I thought you were registering some dissatisfaction with what you were able to tie in from those figures with standard costs? A. I was speaking of that fact in regard to certain companies, that was all.

Q. Well, could you answer my question: Was any company able satisfactorily to tie in definitely and accurately its standard costs with its actual costs?

A. The Penman Company completed the request, statements for the whole period.

THE COMMISSIONER: Q. I do not think that is what you want. You say "Tie-in"-- I suppose you mean make them agree.

THE WITNESS: Yes, while they have agreed, that statement---

MR. KELLOCK: Q. You are speaking now of the Penman's? A. Yes, shows reconciliation between standard costs and Actual costs, and shows in what different classification the reconciliation, the difference is classified, and the Associated Textiles Company, for instance, in the figures I have just read into the record also tied up their standard costs with their actual costs in

those particular years.

THE COMMISSIONER: When you say "Tie-up" you mean show why they are different? A. Yes.

5 MR. KELLOCK: Q. Their difference on a reconciliation? A. Yes, that is what I was asking for in most cases to see to what extent the standard costs varied from the actual costs, because you would never get standard costs to be exact.

10 Q. You never do get standard costs to agree with the actual? A. Never.

THE COMMISSIONER: Q. When you say "never" are you talking of this inquiry? A. No, I mean of any business, you will never get your costs exactly as you estimate them. There will always be variations between actual figures and the standard costs that are set up for the various items of expense and wages, etc.

15 MR. KELLOCK: Q. The sum total at the end of the year of the standard costs and the actual costs is, of course, the sum of the different lines that the company deals in, manufacturers? A. Yes. It covers the whole production.

25 Q. And if you are dealing with a particular fabric, we will say, there is no way of arriving at its actual cost - you have got to estimate it on some standard cost basis? A. Yes, and that is why---

30 Q. You cannot tell, you may be able to tell how much raw material has gone into a yard of finished cloth but you cannot find how much steam is to be

appropriated to that particular yard, or how much soap or anything of that kind? A. No, at the end---

Q. Wait a minute.

A. I was going to say that at the end of the year your results from the standard costs system as against your results from your financial records should show to what extent your standard costs system relates to the actual costs.

Q. That is right? A. That is the purpose for this form.

Q. I quite understand, but I am dealing with something a little bit different. If we want to get at the cost of an individual fabric, as we are dealing with textiles - and the same applies to rubber shoes if we were interested in rubber shoes - you have got to go after it on the basis of some standard cost system, have not you? A. Yes.

Q. And the standard cost system used in any industry is presumably at least the basis of experience?

A. It should be based on experience, yes.

THE COMMISSIONER: Q. It is an estimate for the future, I suppose, based on the experience of the past.

A. Yes, in the distribution of those items which cannot be allocated directly to the job on hand. Your material, for instance, should be actual cost. Your productive labour should be actual cost and there are probably other factors which can be charged directly but so far as your factory overhead consisting of the various items which makes up that and your other

on anything of that kind? A. I was going to say that
at the end of the year your results from the standard
costs system as against your results from your financial
records should show to what extent your standard costs
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with textiles - and the same applies to rubber shoes
if we were interested in rubber shoes - you have got
to go after it on the basis of some standard cost
system, have not you?
A. Yes.
A. And the standard cost system used in any industry
is presumably at least the basis of experience?
A. It should be based on experience, yes.
THE COMMISSIONER: A. It is an estimate for the
future, I suppose, based on the experience of the past.
A. Yes, in the distribution of those items which
cannot be allocated directly to the job on hand. Your
material, for instance, should be actual cost. Your
productive labour should be actual cost and there are
certainly other factors which can be charged directly
to your factory overhead consisting of the
various items which makes up that and your other

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distribution and expenses they have to be estimated on some basis, usually based on past experience or an analysis by somebody who has experience in that sort of thing.

5 MR. KELLOCK: Q. Any manufacturer is driven to that.

A. If he wants to put in a cost system.

10 Q. And a mill cannot operate successfully unless it uses a standard cost system that is actually based on experience and approximates at least actual cost.

I say, a mill cannot operate successfully unless it uses a standard cost system based on experience and which approximates actual cost? A. Well, some mills operate successfully - at least some companies operate successfully without cost system.

15 Q. Mr. Howson, the standard cost is based on a certain volume of production, is not it? A. Usually the standard cost is.

20 Q. And if in any particular year the volume falls below the volume used in fixing the standard cost, then the standard cost is too low because the actual cost is higher? A. Well, of course that is a

25 point which is open to argument between accountants as to whether unabsorbed portion of the average should be charged against production of material that goes through or whether it should be charged as outside expense from the actual operations. For instance,

30 if you were only operating your plant at 10% capacity it would be ridiculous to charge 100% expense against

that 10% capacity.

Q. What would you do with the other 90%? A. It would have to be charged to your Profit and Loss Account.

Q. You mean the past profits? A. Yes, sir.

Q. Let us get away from that because that is a little bit academic, perhaps. A. Well, it is a very important item in dealing with costs.

Q. Whether you charge it to profit and loss, which is the result of accumulation of past profits or whether you charge it in your actual cost for the year, the degree to which the actual costs will approximate or coincide with the standard costs, does depend on volume of production? A. Yes. /

Q. And as I say if your volume falls below the volume which was used in fixing your standard costs then the actual cost is going to prove to be higher, no matter where you charge it, is not that right? A. Yes.

Q. Now, are you suggesting then in the case of any company that we are dealing with here that their standard cost which they have used to show the costs of any particular fabric which has been put in here as an exhibit, is so far away from actual, if actual cost of that fabric could be ascertained, that it should not be relied on? A. I have been unable to make

any calculation at all to check those individual costs with the actual costs of the company or any company which has provided the samples.)

... the would you do with the other 300?
... have to be charged to your credit and loss account.
... You mean the past activity?
... let us get away from that because that is a
... old academic, perhaps.
... important item in dealing with costs.
... when you charge it to profit and loss, which
... result of accumulation of past profits or losses
... change it in your actual cost for the year, the degree
... to which the actual costs will approximate or coincide
... with the standard costs, does depend on volume of
... and as I say if your volume falls below the volume
... which was used in fixing your standard costs then the
... actual cost is going to prove to be higher, no matter
... where you charge it, is not that right?
... Now, are you suggesting then in the case of any
... company that we are dealing with here that their standard
... cost is not the same as the actual cost?
... standard cost is so far away from actual, if actual cost of
... I have been unable to make
... at all to check those individual costs
... from the company's books.

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Q. Well then, an actual cost does not exist at any one time for any one fabric, does it? It only exists in theory because you cannot find it? A. Yes, that is quite true.

5 Q. Now, in the case of the Penman Company where you set out the table in Exhibit 969 between the standard costs which the Company set up and the actual costs, I notice that there are only two years where the standard costs appears to have been higher than the actual and that is in the years 1932 and 1933, is that right?

10

A. Yes. /

Q. And in the last two years, 1934 and 1935, particularly 1935, while the standard costs appear to have been lower than the actual, the difference was very small? A. \$21,000.

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Q. And if you started to trace that back into particular line fabricated by the Penman Company you would get either no difference or an inconsequential difference? A. Well, while in the table it is small, the variations under different classifications are quite extensive. For instance, in that particular year the gain on the price of material - there was a loss on the price of material of \$236,534.

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Q. You mean that the standard costs of the material were too low? A. There was gain of burden of \$161,246. Gain of inventory of \$36,272. and gain on labour of \$8,391.

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Q. Yes, I know, but all those elements go into

Q. Well then, an actual cost does not exist at any one time for any one article, does it? It only exists in theory because you cannot find it? A. Yes, that is quite true.

Q. Now, in the case of the Tannan Company where you set out the table in Exhibit 999 between the standard costs which the Company set up and the actual costs, I notice that there are only two years where the standard costs appear to have been higher than the actual and that is in the years 1933 and 1934, is that right?

Q. And in the last two years, 1934 and 1935, the actual costs were lower than the standard costs, the difference was very small? A. \$81,000.

Q. And if you started to trace that back into the years 1931 and 1932, would you get either no difference or an inconsequential difference? A. Well, while in the table it is

are quite extensive. For instance, in that particular year the gain on the price of material - there was a loss on the price of material of \$338,344. You mean that the standard costs of the material were too low? A. There was gain of burden

of \$121,242. Gain of inventory of \$88,372, and gain of \$22,241.

a particular product, do not they? A. Yes, but
while the table difference is small the ---

Q. I know but we are looking at the final result
and the final result I say, when you trace it back
to individual product, would either be very small or
make no difference at all? A. It would in that
year.

-- Adjourned at 12.30 P.M. to resume at 2.15 P.M.

AFTERNOON SESSION

-- The Commission resumed at 2.15 p.m.

THE COMMISSIONER: Is Mr. Kellock through?

MR. KELLOCK: Yes, my lord.

ERNEST J. HOWSON, Examination Resumed.

BY MR. McRUER: Q. Mr. Howson, I want to deal with Canadian Cottons. It commences on the first pages of Exhibit 917.

SECRETARY WHITELLY: Are you going to file the questionnaires?

MR. McRUER: Yes. The first Exhibit, my lord, will be the answers to the questionnaire covering the affairs of Canadian Cottons Limited.

THE COMMISSIONER: Exhibit 970.

EXHIBIT 970: Answers to Questionnaire,
Canadian Cottons Limited.

MR. McRUER: The next Exhibit, my lord, will be the answers to the questionnaire as covering the affairs of Cornwall & York Cotton Mills Limited, a subsidiary of Canadian Cottons.

THE WITNESS: Not wholly owned.

MR. McRUER: Mr. Howson points out that it is not a wholly owned subsidiary.

BY MR. McRUER: Q. It is controlled, is it, by Canadian Cottons? A. Yes.

Q. Is there anything in the answers to the questionnaire that will tell us what portion of the stock is held by Canadian Cottons? A. They

QUESTIONS AND ANSWERS

— THE CHAMBER OF COMMERCE OF CANADA —

THE CHAMBER OF COMMERCE OF CANADA

MR. BRYDIE: Yes, Mr. Chairman.

QUESTIONS AND ANSWERS

MR. BRYDIE: Yes, Mr. Chairman, I want to
ask you a question. It concerns one of the
first pages of Exhibit 917.

EXHIBIT 917: Are you going to file the

MR. BRYDIE: Yes, the first Exhibit, my lord,
will be the answers to the questionnaire covering
the affairs of Canadian Cottons Limited.

THE CHAMBER OF COMMERCE: Exhibit 917.

EXHIBIT 917: Answers to Questionnaire,
Canadian Cottons Limited.

MR. BRYDIE: The first Exhibit, my lord, will

be the answers to the questionnaire as covering the
affairs of Canadian Cottons Limited.
Exhibits of Canadian Cottons.

THE CHAMBER OF COMMERCE: Exhibits 917.

MR. BRYDIE: Mr. Howson points out Exhibit 917 is

not a wholly owned subsidiary.

BY MR. BRYDIE: It is controlled, is it?

BY CANADIAN COTTONS? A. Yes.

Q. Is there anything in the answers to the

questionnaire that will tell us what action on the

part is held by Canadian Cottons? A. They

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purchased 2,709 shares of the Cornwall & York Company, \$270,900.

Q. What was the total capitalization of the Cornwall & York Company? A. \$500,000.

5 Q. So they purchased a little more than half.

THE COMMISSIONER: That will be Exhibit 971.

EXHIBIT 971: Answers to Questionnaire,
Cornwall & York Cotton Mills
Company Limited.

10 MR. McRUER: Next are the financial statements of Canadian Cottons Limited.

SECRETARY WHITELEY: Do they differ from the published statements?

15 MR. McRUER: They differ in this way. They commence here in 1892 and come up to 1936. We have not the published statements covering such a long period.

THE COMMISSIONER: That will be Exhibit 972

EXHIBIT 972: Financial Statements
Canadian Cottons Limited.

20 MR. McRUER: The next one is the same for the Cornwall & York Company, the statements covering from 1913 to 1936.

25 SECRETARY WHITELEY: That includes the predecessor company, then.

MR. McRUER: Yes.

THE COMMISSIONER: That will be Exhibit 973.

EXHIBIT 973: Financial Statements
Cornwall & York Cotton
Mills Company Limited.

1935-36
purchased 2,700 shares of the Cornwall & York
Company, \$270,000.

2. What was the total cost of the

... do they purchased a little more than half.

THE COMMISSIONER: That will be Exhibit 971.

EXHIBIT 971: Answers to Questionnaire,
Cornwall & York Cotton Mills
Company Limited.

MR. JONES: Next are the financial statements

of Canadian Cottons Limited.

EXHIBIT 972: Do they differ from the

published statements?

MR. JONES: They differ in this way. They

occurrences here in 1932 and come up to 1933. We

have not the published statements covering such a

long period.

THE COMMISSIONER: That will be Exhibit 973

EXHIBIT 973: Financial Statements
Canadian Cottons Limited.

MR. JONES: The next one is the same for the

Cornwall & York Company, the statements covering

from 1913 to 1933.

THE COMMISSIONER: That includes the pre-

vious years, then.

MR. JONES: Yes.

THE COMMISSIONER: That will be Exhibit 974

EXHIBIT 974: Financial Statements
Cornwall & York Cotton
Mills Company Limited.

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BY MR. McRUER: Q. Will you turn to page 3, Mr. Howson, or Exhibit 917? You deal there with the capital stock issued by Canadian Cottons Limited?

A. Yes.

5 Q. And you show the preferred stock and common stock, making a total capitalization of \$6,377,000.

A. Yes, sir.

Q. Then from that you deduct bonus stock issued in 1910 as a stock dividend and charged to surplus stock, \$1,325,000, and the next item is inflation ⁱⁿ ~~and~~ initial value of assets taken over as part consideration for issue of original capital of \$2,700,000, and you have there \$1,121,870?

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A. Yes, sir.

15 Q. What is that item, Mr. Howson? A. It shows on the next page.

Q. The breakdown of that is shown on page 4?

A. Yes, sir. Canadian Cotton Manufacturing Company, \$250,000; Merriton Mill, \$447,105; Lybster Mill, \$153,565, and Dundas Mill, \$271,198.

20

Q. How do you arrive at these figures? Where did they come from?

A. In respect to the Canada Cotton Manufacturing Company I had access to the Minute Book of this company which disclosed the basis on which the assets were disposed of to the syndicate that was organizing this company.

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Q. That is, organizing Canadian Cottons Limited?

A. Canadian Coloured Cottons, it was then.

30 Q. Canadian Coloured Cottons, the predecessor of Canadian Cottons Limited? A. Yes, and it

BY MR. HOWSON: Q. Will you turn to page 3,

the capital stock issued by Canadian Cotton Limited?

A. Yes.

Q. And you show the preferred stock and common stock, making a total capitalization of \$4,377,000.

A. Yes, sir.

Q. Then from that you deduct bonus stock

issued in 1910 as a stock dividend and a return to

existing stock, \$1,285,000, and the next item is

inflation and ⁱⁿ initial value of assets taken over as

part consideration for issue of original capital of

\$2,700,000, and you have there \$1,121,870?

A. Yes, sir.

Q. What is that item, Mr. Howson? A. It

shows on the next page.

Q. The breakdown of that is shown on page 4?

A. Yes, sir. Canadian Cotton Manufacturing

Company, \$250,000; Merritt Mill, \$447,105; Lybster

Mill, \$153,205, and Dundas Mill, \$271,158.

Q. How do you arrive at these figures? Where

did they come from? A. In respect to the

Canada Cotton Manufacturing Company I had access to

the Minute Book of this company which disclosed the

facts on which the figures were based.

Q. That is, organizing this company.

Q. That is, organizing Canadian Cotton Limited?

Q. That is, organizing Canadian Cotton Limited?

Q. Canadian Coloured Cotton, the predecessor

A. Yes, and is

indicated that stock had been issued for \$250,000 more than the value of the assets on the books of the old company.

5 Q. When Canadian Coloured Cottons was organized there was a syndicate organized preliminary to the incorporation of the company to take up these other mills and turn them over to the new company?

A. Yes.

10 Q. And from the records you were able to trace -- it is really a profit on the stock issue made by the syndicate in the transaction, in the gathering up of the mills and turning them over to the new company?

15 A. Yes, in respect to that company. That was the only company in regard to which I could get any information as to the condition or the value placed upon the assets of the various companies taken over. Other records were not available. So in respect to these other items --

20 Q. The Merriton Mill, the Lybster Mill and the Dundas Mill? A. In company with Mr. Brown, acting for Canada Cottons, I went over Canada Cottons Mill --

25 Q. You mean Canadian Cottons? Mr. Brown was acting for Canadian Cottons. A. Yes, and we ascertained that there was a loss on the disposition of these three mills which had been taken over of these varying amounts which had never been charged out of the fixed assets account.

30 Q. That is the mills were turned over at a higher price than they realized? Is that what you

mean when you say there was a loss? A. They had been set upon the books at a higher price than was realized.

5 Q. Were they sold later on? A. Yes, they were finally disposed of. They had been put on the books at a certain price, and the amount realized had been credited, and this was the difference between the original price set up on the books and what had been realized, with the exception
10 of the Merriton Mill, in which they had subsequent to the inception of the company charged up additional machinery and equipment which had been added to the equipment of that mill.

15 Q. So that this shows the actual loss that had taken place when the disposition price was compared with the price at which they were set up on the books? A. Yes.

20 Q. And stock was issued out of the Canadian Coloured Cottons treasury for the higher price?

A. Yes, for the price paid.

Q. As set up in the books? A. Yes.

25 Q. So it is not a hypothetical figure, but the stock really was outstanding for the whole amount and the company realized a lesser amount?

A. Not altogether in connection with the Merriton Mill, because that was a loss realized, partly realized at the reorganization of the company on the liquidation of the machinery which had been
30 added to the equipment in the Merriton Mill

Q. Now, the first one?
A. Yes.
Q. They were there, I suppose, of. They had been put
on the books at a certain price, and the amount
realized had been credited, and this was the dif-
ference between the original price set up on the
books and what had been realized, with the exception
of the portion which, in what they had submitted
to the directors of the company, showed up as a
loss. Machinery and equipment which had been added
to the equipment of that mill.
Q. In fact, the loss was the difference between the
price taken when the disposition price was
compared with the price at which they were set up
on the books?
A. Yes.
Q. And stock was issued out of the Canadian
Machinery and Equipment Company for the same reason?
A. Yes, for the price paid.
Q. As set up in the books?
A. Yes.
Q. So it is not a hypothetical figure, but
the stock really was outstanding for the whole
amount and the company realized a lesser amount?
A. Not altogether in connection with the portion
which, because that was a loss realized, partly
realized at the reorganization of the company on
the liquidation of the company, which had been
added to the equipment of the Canadian mill.

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when they took it over.

Q. Just what do you mean by that? A. This new machinery had been charged to the fixed assets at the cost price.

Q. Yes? A. And had been left there at that price subject to the credit received when the mill was dismantled.

Q. Oh? A. So the fixed assets are valued on the books today with these figures included.

Q. Yes? They were never written off? A. No. May I make that a little clearer? They were never written off as a loss on the realization of this particular mill.

Q. You show the assets in cash or kind received by the company, and dividends paid, \$9,778,737.50. There is nothing on this statement to indicate the period of years. A. That is for the whole period.

Q. What is the period? A. From 1892 to 1936.

Q. So that on the basis of the assets that the company acquired, showing an investment of \$3,920,130, the dividends paid in that period of 44 years amounted to \$9,778,737.50? A. Yes.

Q. And there is an undistributed surplus available for the shareholders of \$5,782,069?

A. That is after taking into account the inventory reserve. These figures were adjusted.

Q. Just what do you mean by that? A. This

was a bill of exchange on the bank of

at the bank of

Q. And the bill was

at that time subject to the credit received when

the bill was discounted.

Q. Oh? A. So the fixed assets are

valued on the books today with these figures in-

cluded.

Q. Yes? They were never written off?

A. No. May I make that a little clearer? They

were never written off as a loss on the realization

of this particular mill.

Q. You show the assets in each of kind re-

ceived by the company, and dividends paid.

\$9,778,737.50. There is nothing on this statement

to indicate the period of years. A. That is

for the whole period.

Q. What is the period? A. From 1892 to

1936.

Q. So that on the basis of the assets that

the company acquired, showing an investment of

\$9,778,737.50, and dividends paid in that period of

the sum amounted to \$9,778,737.50? A. Yes.

Q. And there is an undistributed surplus

of \$9,778,737.50?

A. That is after taking into account the inventory

of the assets.

Q. Yes. Then you have a figure of \$9,000,000, the approximate surplus in fixed assets value over the book value as per insurance appraisal, as a result of excessive depreciation and repair charges to operations, \$9,000,000. A. Yes.

Q. We will take up in a moment how you arrive at that. So the approximate total of cash returns and undistributed equities from operations relating to stock issues outstanding is \$24,560,804.50 ?

A. Yes.

Q. Now we will go over to page 4, and this shows how you arrive at the values of the fixed assets? A. Yes.

Q. First you take the balance sheet at cost, Is that according to the books of the company or have you made any adjustment on that? A. That is according to the books of the company.

Q. \$16,883,551.45. Then you deduct the depreciation of \$7,130,938.98, and you further deduct reserve for obsolescence. Is that a reserve that is set up on the books of the company? A. Yes.

Q. \$4,950,000. That is a reserve in addition to the reserve for depreciation? A. Yes.

Q. And then you have another reserve for replacements, \$600,000 ? A. Yes.

Q. And it leaves the net book value, \$4,202,612.47 ? A. Yes.

Q. Now that is independent, of course, of

Q. Yes. Then you have a figure of \$3,000,000.

result of excessive depreciation and repair charges
the book value as per insurance appraisal, as a
the approximate savings in fixed assets value over

Q. Now we will go over to page 4, and this

Now how you arrive at the values of the fixed

203 . 2

1. First you take the balance sheet at cost.

Is that according to the book of the company or

416,880,351.46. Then you deduct the 900,000

set up on the books of the company? 4 Yes.

44,950,000. That is a reserve in addition

•A •Y

Q. And then you have another reserve for

— 334 —

4. And it leaves the net box valve.

how that is important of course to

any inventory reserves? You are not dealing with inventory here at all? A. No, it has nothing to do with this statement.

5 Q. So that after making these deductions that you have told us about before for various mills, it leaves an adjusted book value of \$3,080,742.54 ?

A. Yes.

10 Q. You have a figure for the depreciated value of buildings. It is under the heading, "1933 Insurance Appraisal," depreciated value of buildings \$3,933,819. Is that according to the insurance appraisal? A. Yes.

Q. Where did you see that insurance appraisal? A. In the company's office.

15 Q. And it was an appraisal that had been made for the purpose of the company's own insurance business and the placing of insurance on their property ? A. Yes.

Q. It was not a hypothetical document or anything of that sort? A. No.

20 Q. It was one that was prepared seriously for the company's affairs. Then depreciated value of machinery, \$8,572,570, making a total of \$12,506,389. Now you are unable to place anything opposite the value of building substructure, value of land, value of additions since 1933 less depreciation, 1934 and 25 1936 ? A. The last two items we can arrive at from the books of the company, but you could not arrive at the other two.

30 Q. You could not arrive at any value of the land or of the building substructure because you did

not have any appraisal to work from as you had in the Dominion Textile Case? A. That is right.

5 Q. You had the appraisal in the Dominion Textile case, but in this case you had nothing of that sort to work from? A. No.

10 Q. So, as far as your figure of \$9,000,000 arrived at as the excessive value shown over the book value, it is not affected by land values at all then? A. No.

15 Q. Have you made any investigation since yesterday to determine how building costs have advanced or declined over the last period of years? A. Yes, I looked up the prices and price index of the Dominion Bureau of Statistics, 1913 to 1934, and I got the figures for 1936 by communication with that department, as they are not yet published. I find that on the 1913 basis, showing 100 as the average for 1913, in 1920 the building and construction costs were 214.9, and in 1936 they had dropped to 129.2, a drop of 40 per cent.

20 Q. So that since -- when was the high point? A. 1920.

25 Q. So that since 1920 they had dropped how much? A. 40 per cent.

Q. 40 per cent.

THE COMMISSIONER: That is more than 40 per cent, 214.9 to 129.2.

30 THE WITNESS: That is 40 per cent on the 214.

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and have been included in the list of cases
in the building fund for 1935.

Q. You had the appraisal in the Division
Textile case, but in this case you had nothing of

Q. So, as far as your figure of \$3,000,000
arrived at as the excessive value shown over the book

value, it is not affected by item values at all that
A. No.

Q. Have you made any investigation since your
day to determine how building costs have advanced or
declined over the last period of years?

A. Yes. I looked up the prices and price index of the
building materials in Philadelphia, 1913 to 1935, and I

got the figures for 1935 by communication with that
department, as they are not yet published. I find

that on the 1913 basis, showing 100 as the average
for 1911, in 1930 the building and construction
costs were 214.9, and in 1935 they had dropped to

139.2, a drop of 40 per cent.
Q. So that since -- when was the high point?

A. 1930.
Q. So that since 1930 they had dropped how

much?
A. 40 per cent.
Q. 40 per cent.
THE COMMISSIONER: That is more than 40 per cent.
214.9 to 139.2.
THE COMMISSIONER: That is 40 per cent on the 214.

From another table, using 1926 as the 100 basis, there is practically the same drop, from 144.9 to 86.6.

5 BY MR. McRUER: Q. So that there has been a drop since 1926 in replacement value of about 40 per cent, according to these figures? A. Yes, and that is the basis on which the insurance appraisal would be taken in 1936, and also the basis in 1933 because the figures were slightly lower.

10 Q. The replacement value in 1933 was lower than in 1936? A. The index was a little lower in 1933.

15 Q. Yes, so that as far as this statement is concerned, the company has the full benefit of any doubt and then some, as to whether replacement values have risen in the last few years? A. Yes.

Q. And it is not complicated in any sense by land values or anything of that sort? A. They did not have them.

20 Q. So that it becomes a clear question — I may be right or wrong, but it seems to me it becomes a clear cut question, that it is perfectly open that the plant is worth \$9,000,000 more according to the insurance appraisal than the depreciated value. A. On 1933 values, yes.

25 Q. On 1933 values, and you say they were lower then than they are now.

30 Now we come to another statement that you have here with which I want to deal for a moment. Did I not see a statement of depreciation of this company

from another table, using 1933 as the 100 basis, there is practically the same drop, from 144.9 to

144.9.

Q. Now, the 1933 value of the 100 basis is 144.9.

A. That is correct. The replacement value of about 40

per cent, according to these figures, A. Yes.

Q. And that is the basis on which the insurance was calculated?

A. That is correct. The basis in 1933 would be 144.9, and also the basis in 1933

because the figure was slightly lower.

Q. The replacement value in 1933 was lower

than in 1932? A. The index was a little

lower in 1932.

Q. Yes, so that as far as this statement is

concerned, the company has the full benefit of any

drop and then some, as to whether replacement value

have risen in the last few years? A. Yes.

Q. And it is not complicated in any sense by

land values or anything of that sort? A. They

did not have them.

Q. So that it becomes a clear question --

I may be right or wrong, but it seems to me it

is a question of whether the value is increasing

or not. The value is not increasing, but it is

according to the insurance companies than the depre-

ciated value. A. On 1933 value, yes.

Q. On 1933 value, and you say they were lower

than the 1933 value.

Q. Now, you are making a statement that you have

been with the company since 1933, is that correct?

A. Yes, I have been with the company since 1933.

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12962

Howson

or am I thinking of some other company?

A. That is on page 5.

Q. Yes, this is the statement I was thinking of on page 5. It is divided into two periods, one the ten-year period that you have surveyed. Is that 1925 to 1936? Is it a ten or eleven-year period?

A. Eleven years.

Q. Eleven-year period?

A. Yes.

Q. And the first one would be a thirty-three-year period, am I not right?

A. What is that?

Q. The first one is a thirty-three year period?

A. 1892 to 1925, yes.

Q. And the last period was eleven years?

A. Yes.

Q. So the first period was three times as long as the last one.

MR. KILLOCK: Which one includes the year 1925?

THE WITNESS: The first one.

MR. McRUER: The first one included the year 1925. That should really be 1926 to 1936.

THE WITNESS: 1926 to 1936.

MR. McRUER: We had better change that, and make it 1926 to 1936.

BY MR. McRUER: Q. There is an item, dividends paid preferred stock. There had been a new preferred stock issued I suppose, some time in the latter part of the first period. I was wondering how the dividends on the preferred stock for the

Q. That is on page 5.
A. Yes, this is the statement I was thinking of
on page 5. It is divided into two periods, one the
ten-year period that you have suggested. Is that 1925
to 1935? Is it a ten or eleven-year period?
A. Eleven years.
Q. Eleven-year period?
A. Yes.
Q. And the first one would be a thirty-three-
year period, is that right?
A. That is
the 19
Q. The first one is a thirty-three year period?
A. 1925 to 1958, yes.
Q. And the last period was eleven years?
A. Yes.
Q. Is the first period was thirty-three years
long as the last one.
MR. BRIDGE: Which one included the year 1958?
THE WITNESS: The first one.
MR. BRIDGE: The first one included the year
1958. That should really be 1956 to 1958.
THE WITNESS: 1956 to 1958.
MR. BRIDGE: We had better change that, and make
it 1956 to 1958.
BY MR. BRIDGE: Q. There is an item, divided
said preferred stock. There had been a new pre-
ferred stock issued I suppose, some time in the
last part of the 1950s. I was thinking
of the 1950s on the preferred stock for the

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eleven-year period were so year to the total amount of dividends for the thirty-three year period.

A. Well, the preferred stock was issued in the latter part, or at least transferred from the Canadian Coloured Cottons to the Canadian Cottons Company.

BY THE COMMISSIONER: Q. When? A. In 1910.

BY MR. McRUER: Q. Was any new money introduced at that time? A. Yes, there was \$1,000,000 of stock sold.

BY THE COMMISSIONER: Q. \$1,000,000 of common stock? A. Preferred.

BY MR. McRUER: Q. In the first thirty-three year period there was \$2,938,505 paid in dividends on the common stock, and in the eleven-year period which includes the depression there was paid \$1,303,440 on the common stock. A. That is affected by a transaction which took place at the reorganization of the company. The common stock which was outstanding at that time was converted into a lower amount of preferred stock.

Q. Oh, I see. The common stock that was outstanding in 1910 was reduced and an equivalent amount of preferred stock given. Is that the effect of it?

A. Yes, and reduced \$2,700,000, and preferred stock was issued \$2,025,000.

Q. So that some of the dividends on the preferred stock here would be really on preferred stock that was exchanged for old common stock? A. Yes.

Q. Was there any money paid for the new common stock? A. No. That is, the \$2,000,000

eleven-year period were no year to the total amount
of dividends for the thirty-three year period.

A. Well, the preferred stock was issued in the late
part, or at least transferred from the Canadian
delivered cotton to the Canadian Cotton Company.

BY THE COMMISSIONER: Q. When? A. In 1910.

BY MR. LEAH: Q. Was any new money introduced

at that time? A. Yes, there was \$1,000,000 of

stock sold.

BY THE COMMISSIONER: Q. \$1,000,000 of common

stock? A. Preferred.

BY MR. LEAH: Q. Is the new stock-

year period there was \$2,983,305 paid in dividends

on the common stock, and in the eleven-year period

which includes the depression there was paid

\$1,303,440 on the common stock. A. That is

affected by a transaction which took place at the

reorganization of the company. The common stock which

was outstanding at that time was converted into a

lower amount of preferred stock.

Q. Oh, I see. The common stock that was out-

standing in 1910 was reduced and an equivalent amount

of preferred stock given. Is that the effect of it?

A. Yes, and reduced \$2,700,000, and preferred stock

was issued \$2,083,000.

Q. So that some of the dividends on the pre-

ferred stock were paid in 1910 as well as in subsequent years.

A. Yes.

Q. And any money paid for the new

common stock? A. No. That is, the \$2,000,000

bonus that we refer to on the preceding sheet --

MR. KELLOCK: \$2,000,000 bonus?

THE WITNESS: No, \$1,325,000.

THE COMMISSIONER: What page?

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THE WITNESS: Page 3. There was a total amount of \$2,000,000 of stock issued. They picked up \$675,000 by the reduction of the outstanding \$2,700,000, making \$2,025,000.

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BY MR. McRUER: Q. I do not just get that. They picked up? A. There was \$2,700,000 of common stock, and it was replaced by \$2,025,000 new stock, preferred, or the capital was reduced \$675,000, transferred to surplus account as a result of that transaction. Then they issued \$2,000,000 of common stock, which was distributed as a bonus stock, and that was charged to the surplus account as well. So that we treat the difference between the two mills and the \$675,000 as the amount of bonus that went into the capital.

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Q. Then all this common stock on which the dividends were paid in the period from 1926 to 1936 was a stock bonus in 1910? A. Not all of it. On the purchase of the Mount Royal Mill I think there was \$715,500 of shares issued as part of the purchase price.

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BY THE COMMISSIONER: Q. How much?

A. \$715,500, and there were 55,000 shares of preferred stock, \$550,000.

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BY MR. McRUER: Q. What is the total common stock outstanding? A. \$2,715,500.

points that we refer to on the preceding sheet -

THE COMMISSIONER: What page?

THE COMMISSIONER: What page?

THE COMMISSIONER: What page?

THE COMMISSIONER: Page 3. There was a total

amount of \$2,000,000 of stock issued. They picked

up \$675,000 by the reduction of the outstanding

\$2,700,000, making \$2,025,000.

BY MR. MERRITT: Q. I do not just get that.

A. There was \$2,700,000

of common stock, and it was replaced by \$2,025,000

new stock, preferred, or the capital was reduced

\$675,000, transferred to surplus account as a

result of that transaction. Then they issued

new stock, preferred, or the capital was reduced

as a bonus stock, and that was charged to the

surplus account as well. So that we treat the

difference between the two mills and the \$675,000

as the amount of bonus that went into the capital.

Q. Then all this common stock on which the

dividends were paid in the period from 1926 to 1936

was a stock issue in 1936?

On the purchase of the Mount Royal Mill I think

there was \$115,000 of surplus carried over from the

purchase price.

BY THE COMMISSIONER: Q. Now, what

was \$115,000, and there were 55,000 shares of pre-

ferred stock, \$2,000,000.

BY MR. MERRITT: Q. What is the total common

stock owned by the company?

A. \$2,715,500.

Q. The \$715,500 was for the Mount Royal mill?

A. Part consideration for the Mount Royal mill.

Q. Then, \$2,000,000 of the common stock on which these dividends were paid was attributable to the bonus stock that was issued in 1910?

A. It was issued as bonus stock.

Q. Issued as a stock dividend or bonus?

A. Yes.

MR. KELLOCK: But then you are losing sight of the cancellation of \$675,000.

THE WITNESS: I am not.

MR. KELLOCK: My friend is.

MR. McRUER: You are quite right, and if you make allowance for that it comes down to ?

THE WITNESS: \$1,325,000.

MR. KELLOCK: That was against surplus at that time.

THE WITNESS: Yes.

MR. McRUER: Quite right.

MR. KELLOCK: It was a stock dividend, not a bonus.

THE WITNESS: It was not treated as a stock dividend, it was treated as a bonus.

BY THE COMMISSIONER: Q. To whom?

A. After these new shareholders came in, it was most complicated, and Mr. Brown rather gave me an entirely wrong explanation of it, but I finally got the thing worked out.

Q. Would not the company have capitalized the surplus to the extent of that issue? A. Yes,

Q. The 1914, 1915 and 1916 dividends were paid in 1917.
A. First consideration for the Mount Royal mill.
Q. There, \$2,000,000 of the common stock on
which these dividends were paid was attributable to
the Mount Royal mill in 1917.
A. It was treated as bonus stock.
Q. Listed as a stock dividend or bonus?
A. Yes.
Q. But then you are losing sight of
the cancellation of \$250,000.
A. I am not.
Q. My friend is.
A. You are quite right, and if you
allowance for that it comes down to \$
\$1,750,000.
Q. That was against surplus at the
Q. Yes.
Q. Quite right.
Q. It was a stock dividend, not a
Q. It was not treated as a stock
dividend, it was treated as a bonus.
Q. To whom?
A. After these new shareholders came in, it was
most complicated, and Mr. Brown rather gave me an
explanation of it, but I finally got
the company have realized the
A. Yes.

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they capitalized their surplus, but the stock was issued as bonus stock.

Q. What did they call it? A. It does not make any difference.

5 MR. MORUER: It was charged against surplus eventually.

MR. KELLOCK: You call it a stock dividend on page 3.

THE WITNESS: Well, it is more or less immaterial.

10 THE COMMISSIONER: You call it both bonus stock and stock dividend. That is not right. The words "stock dividend" should come out.

THE WITNESS: It was not a stock dividend.

15 THE COMMISSIONER: It was a bonus to the new people coming in.

THE WITNESS: Yes.

THE COMMISSIONER: Not a stock dividend. That comes out.

20 BY MR. MORUER: Q. There is one other point I want to take up with you, Mr. Howson, and that is the question of depreciation. At the foot of page 5 you have detailed the depreciation for the thirty-three year period, 1892 to 1925, \$4,667,326.12. A. yes.

25 Q. In the eleven-year period, 1926 to 1936, the depreciation taken was \$7,958,612.86. A. Yes. The Mount Royal mill was in there during that period.

THE COMMISSIONER: Which period?

THE WITNESS: In the first period.

30 BY MR. MORUER: Q. But for how long?

13062

13062

They continued their search, but the outlook was
bleak as before.

Q. What did they call it?

A. It was called...

MR. ROBERTS: It was called...

eventually.

Q. A. 13062: You call it a stock dividend on

and stock dividend. That is not right. The words

"stock dividend" should come out.

Q. 13062: It was not a stock dividend.

Q. 13062: It was a bonus to the new

people coming in.

Q. 13062: Yes.

come out.

I want to take up with you, Mr. Roberts, and that is

the question of depreciation. At the first of page 8

you have detailed the depreciation for the thirty-

three year period, 1932 to 1935, \$4,667,386.12. A. 13062

Q. In the eleven-year period, 1936 to 1946, the

Mount Royal mill was in there during this period.

Q. 13062: Which period?

Q. 13062: In the first period.

Q. 13062: But for how long?

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A. It was out before the second period started.

Q. Oh, it was out before the second period?

A. Yes, they sold it to the Dominion Textile Company.

Q. So that as nearly as I can find out from
all the evidence we have, the company had not quite
as many assets, that is in the way of buildings and
so on, in the second period, as they had in the
first period?

A. In the latter part of

the first period.

Q. In the latter part of the first period?

A. Yes.

Q. So the depreciation taken in the last
eleven years has amounted to \$3,300,000 more than
was taken for the previous thirty-three years,

A. Yes. Of course, there were additions to the
plant from year to year that would have to be
taken into account.

Q. In the last eleven years? A. Oh yes,
they were charged to the plant each year.

Q. How much did they charge to the plant in
the way of capital expenditure? A. In 1926
there was \$454,750.

BY THE COMMISSIONER: Q. You haven't got it
totalled?

A. No, sir. In 1927, \$594,506;
1928, \$503,509; 1929, \$334,752; 1930, \$248,272;
1931, \$195,863; 1932, \$261,202; 1933, \$355,113;
1934, \$225,685; 1935, \$381,691; 1936, \$107,856.

(Page 12975 follows)

Q. Now, in the last, or in the previous period of thirty-three years they had charged to repairs \$5,477,633.55 ? A. Yes.

Q. In the last period of eleven years \$3,923,992.46 ? A. Yes.

Q. Now, in making up your statement in regard to the profits, or revenues over each period of years have you re-adjusted your figures to conform with Mr. Brown's calculations in regard to the inventory reserve ?

MR. KELLOCK: Yes, it is in there, inventory reserve reversed.

THE WITNESS: Yes, on page 1.

MR. KELLOCK: On page 5 too.

THE WITNESS: And page 2 and also on page 5.

BY MR. McGUIER: Q. You have not, however, been able to make the re-adjustments that may be necessary in respect to that though in regard to taxes that may have to be paid ? A. No, these are not the final figures. These were the original figures which were given to me before Mr. Shepherd -- Mr. Shepherd's report was not made until after this was made up. You will note that on page 2 as between 1926 and 1927 there is a very wide variation between profits earned.

Q. Where is that ? A. Page 2.

Q. What item ? A. All profit items; the gross profit before depreciation in 1926 is \$2,427,187.

MR. KELLOCK: That is not on page 2.

MR. McGUIER: That cannot be on page 2, Mr. Howson.

A. Profit and Loss Account, isn't that page 2 ?

Q. Page one.

THE COMMISSIONER: It is page 2 in here, Profit and Loss Account, page 2. Page 1 is the analysis of the capital employed.

THE WITNESS: At any rate it is the Profit and Loss Account I am referring to.

Q. Whereabouts on Profit and Loss Account ?

A. These items.

MR. McRUER: Well, they must be reversed in my copy.

MR. KELLOCK: They are reversed in mine.

MR. McRUER: They have been bound differently in mine ? A. You will notice the gross profit before depreciation is \$2,427,187 . for 1926 and in 1927 it is \$1,136,099. There is not a great deal of difference in sales and I have found upon investigation that the figures given to me by Mr. Brown were incorrect in the reserve for those two years and there was an adjustment of \$328,671. that would have to be taken off 1926 and added to 1927 on the basis of those figures.

Q. I see, Mr. Howson, in covering this ten-year period that what you said about the depreciation fluctuating in different years is quite apparent in the case of this company ? A. Yes.

Q. We have it in 1926 \$550,000., 1927 \$800,000., 1928 \$800,000., 1929 back down to \$550,000., 1930 \$550,000., 1931 \$550,000., 1932 \$550,000., 1933 \$550,000., and in 1934 it is up to \$850,000. again and in 1935 \$700,000., and 1936

1937

Page 100.

THE ACCOUNTS: It is page 2 in here, page 100 and loss account, and 2. Page 1 is the analysis of the capital employed.

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\$800,000. again ? A. Yes.

4. All right, I think that is all.

CROSS EXAMINED BY MR. KELLOCK:

5 Q. Mr. Howson, in connection with this common shares total of \$1,325,000., to whom were those shares issued, existing shareholders ?

THE COMMISSIONER: What year are you talking about ?

10 MR. KELLOCK: Well, they were issued, my lord, in 1910.

THE COMMISSIONER: Yes, he told us, I think, that they were given as a bonus to the new shareholders; isn't that what you said ? A. That is what I said, yes; that is what I was informed by the company. I don't know whether the new shareholders -- who they were.

15 Q. They may have been the same people ? A. Some may have been the same as the old shareholders; I don't know.

20 BY MR. KELLOCK: Q. What did the new shareholders subscribe for ? A. Preferred stock.

Q. And it carried a bonus of common ? A. Yes.

25 Q. And the company had an existing surplus which of necessity was capitalized by reason of the issue of that common stock ? A. Yes.

30 Q. And the only difference between that situation and a stock dividend is in the case of a stock dividend the shareholders are existing shareholders while in this case they may have been new ? A. Yes.

shares total of \$1,285,000., to whom were those shares

THE CHAIRMAN: What year are you talking

MR. KILLOCK: Well, they were issued, my lord, in

THE CHAIRMAN: Yes, he told us, I think, that

they were given as a bonus to the new shareholders;

Yes; that is what I see returned by the company. I

don't know whether the new shareholders -- who they

were.

MR. KILLOCK: What did the new shareholders

subscribe for?

And it carried a bonus of common? A. Yes.

And the company had an existing surplus which

of necessity was capitalized by reason of the issue

And the only difference between that situation

/ BY THE COMMISSIONER: Q. Whoever acquired the preferred stock, it went with the preferred stock ?

A. Yes.

MR. KILLOCK: Yes, my lord; Mr. Howson, will you turn to page 4, please ? It is the memorandum re fixed assets, and the figures which you have down there a little above the middle of the page opposite Merriton, Lybster, and Dundas mills, you say those were losses realized when the mills were sold by the Canadian Cotton Company ? A. As far as we can determine.

Q. Then, I take it, these amounts were arrived at by deducting the purchase price realized in each case from the original cost price that appears on this company's books and is included in the very first item on the page, \$16,883,000. ? A. The cost is included there.

Q. I say you have got at these differences -- A. And the amount realized has been deducted from that and this is the excess over the amount realized.

Q. Then, you are saying, are you not, exactly what I put to you in my question, that these amounts -- this amount which you have opposite each one of these mills is the difference between the cost of these mills included in the figure of \$16,883,000. at the top of the page ? A. Yes.

Q. Less the price realized on the sale of the mill in each case ? A. Yes.

Q. Now, when was the Merriton mill sold ? A. Finally cleaned up in 1910.

Q. And the Lybster mill ? A. In 1906.

Q. And the Dundas mill ? A. 1902.

Q. And the figure of \$16,883,000. at the top of the page, that figure went on the company's books in 1892 ? A. Yes.

Q. Well, Mr. Howson, were not these mills depreciated over the years between 1892 and 1902, 1906 and 1910 ?

THE COMMISSIONER: You mean appreciated.

MR. KELLOCK: Depreciated.

THE COMMISSIONER: So much set aside for depreciation.

MR. KELLOCK: Yes; in other words, my question is that right under the \$16,000,000. figure there is less depreciation of \$7,000,000. Then, there are two other reserves for depreciation. I am asking Mr. Howson if these figures do not include depreciation of these mills which were sold in the years he has mentioned ? A. I cannot tell you definitely, because I have not investigated that angle.

Q. Wouldn't you assume that ? A. The general charge for depreciation made during that period would cover all the property.

Q. Why then when there is a realization do you take the difference between the price realized and the original cost rather than the depreciated value which appears on the books against that asset at the time of the sale ? In other words, are you not taking the extent to which each mill has been depreciated twice ? A. There was no depreciation

applied to these mills individually.

Q. I know, but I thought you just said in answer to my question the depreciation on these mills would be included in the figures for depreciation on the sheet ?

A. Yes.

Q. Then, are you not taking it off twice ?

A. No.

Q. Why not ? A. Because the loss should have been charged against depreciation that was set for these mills but it was not.

Q. Why didn't you charge it against depreciation instead of against the cost value on the books ? You are taking it off twice ? A. What difference does it make ?

Q. You are taking it off twice ? A. No, I am not.

Q. Surely what was sold was a depreciated asset ?

A. I am deducting that from the value of the plant.

Q. I am saying to you -- A. I am deducting depreciation that was provided afterwards. I don't know how much depreciation was provided specifically against these individual assets.

Q. But there was some at least ? A. Yes.

There would be in respect to the Merriton mill because it had been operated.

Q. To the extent you do not take that depreciation into consideration you are taking the thing off twice when you charge the whole loss as well as depreciation against the \$16,883,000.? A. No, I am not. I am determining the capital of this company.

Q. No. A. That is what this statement is.
You are confusing two things.

. Excuse me; just a minute.

THE COMMISSIONER: It is fixed asset values.

5 BY MR. KELLOCK: Q. You have another sheet that
deals with capital, the whole thing, but I am talking
solely of fixed assets value. You have got at the
net figure of \$4,202,000.

THE COMMISSIONER: That is the net book value.

10 BY MR. KELLOCK: Q. The net book value down to
that point, and an Adjusted Book Value of \$3,080,000.
Now, keeping that in mind answer my question. You
must be taking it off twice, are you not? A. No.

15 Q. Well, explain that to me? A. In the first
place they have got in the fixed assets account
\$1,121,000. for assets that have disappeared entire-
ly.

20 Q. Yes? A. Now, I am taking off in addi-
tion to that \$7,130,000. of depreciation which they
still carry on their books against their fixed assets.

MR. McRUER: Yes, it is there yet.

25 BY MR. KELLOCK: Q. Let me put my question a
little more simply than that? A. I cannot
understand your point there.

Q. Let me make it clear. Supposing we start
off in 1892 with the book value of these assets in-
cluding these three mills --

30 THE COMMISSIONER: Please start your question
again?

BY MR. KELLOCK: Q. We start off in 1892, Mr.

4. That is what this statement

. 900 IN A TANK : ON BOARD .

solely of fixed assets value. You have got to be

.000,308.44 to eight ten

BY MR. KELLOR: O. The net book value goes to

Well, explain that to me? In the first

placed they have got in the fixed assets account

...\$1,181,000. For assets that have disappeared entirely

Yes, I am taking off in 1968

Q. Now, it is there yet.

BY MR. KNILLOCK: Q. Let me put my question a

little more simply than that? .A. I cannot

understand your point there.

...let us make it clear, supposing we start

off in 1898 with the book value of these assets in-

Howson, with the book value of these fixed assets at cost of \$16,883,551.75. A. Yes.

Q. All right; now, you agree with me that in the figure for depreciation, whether it is the seven million dollar figure, the \$4,950,000. figure or the \$600,000. figure, that some part of that is depreciation on these three mills? A. But they do not apply on the mills. That is what I am trying to tell you. Let me do a little figuring now. The company has got on its books \$16,883,000. of fixed assets.

Q. Yes? A. It has got on its books depreciation of \$7,130,000.

Q. Which you deduct? A. I am deducting that and that give_s_ me the book value of their plant. Now, in that \$16,000,000. they have got \$1,121,000. of assets that have disappeared so I am deducting that.

Q. All right, but when you deduct \$7,130,000. you have deducted it? A. I haven't deducted it.

Q. Well, the company has? A. I cannot get at your figuring at all.

Q. Well, I am trying to put it as plainly as I can? A. I am getting at the book value that the company shows on these assets, and I find in these assets a valuation for certain assets that have disappeared, and I am eliminating those assets that have disappeared at the value in which they still appear in the books at.

... cost of \$18,282,531.75. Yes.

... All right; now, you agree with me that in the figure for depreciation, whether it is the seven million dollar figure, the \$4,350,000 figure or the \$500,000 figure, that some part of that is depreciation on the mills. That is what I am trying to tell you. Let me do a little figuring now. The company has got on its books \$18,282,531.75 of fixed assets.

... Yes? A. It has got on its books depreciation.

... Which you deduct? A. I am deducting that and that give me the book value of their plant. Now, in that \$18,282,531.75 they have got \$1,121,000 of assets that have disappeared so I am deducting that.

... All right, but when you deduct \$1,121,000, you have deducted it? A. I haven't deducted it.

... Your figuring at all.

... Well, I am trying to put it as plainly as I can? A. I am getting at the book value that the company shows on these assets, and I find in these assets that I am eliminating those assets that have disappeared, and I am eliminating those assets that have disappeared.

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25
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A. That is just the point; you are not eliminating them, as I see it, at the value at which they still appear because if depreciation has been charged off against them they appear at so much less.

5 THE COMMISSIONER: Where is the depreciation ?

THE WITNESS: Then, if depreciation had been applied against them my depreciation would be lower.

THE COMMISSIONER: Isn't that the whole thing, where is the depreciation ? A. Exactly.

10 Q. You don't wipe it out with these mills. You still have it there .

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: The buildings are gone but the amounts you set aside are not gone.

15 MR. McRUER: It is still applicable against the remaining buildings.

THE COMMISSIONER: That is the way it looks to me.

20 MR. KELLOCK: My point is this; supposing a mill included in this \$16,000,000. figure had a value of \$1,000. at that time. It is sold in 1910. In the meantime depreciation as against that has been written off on the company's books of \$500.

25 THE COMMISSIONER: When you say depreciation has been written off that means you appropriated a certain amount to depreciation each year.

30 MR. KELLOCK: Yes; then, my lord, the net book value of that asset is only \$500. at that time. Then, the asset is sold we will say for \$200.

THE COMMISSIONER: What do you do with the amount

... That is just the point; you are not eligible
 then, as I see it, at the value at which they still
 appear because if depreciation has been charged off
 against them they appear at so much less.

THE COMMISSIONER: Where is the depreciation?
 THE WITNESS: Then, if depreciation had been ap-
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 where is the depreciation?
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MR. KELLER: Yes, my lord.
 THE COMMISSIONER: The buildings are gone but
 accounts you set aside are not gone.
 MR. KELLER: It is still applicable against
 the remaining buildings.

THE COMMISSIONER: That is the way it looks to
 me.
 MR. KELLER: My point is this; supposing a

will included in this \$15,000,000. Figure had a value
 of \$1,000. at that time. It is sold in 1910. In the
 meantime depreciation as equal at that has been written
 off on the company's books of \$500.

THE COMMISSIONER: When you say depreciation has
 been written off that means you depreciated a certain
 amount to depreciation each year.

MR. KELLER: Yes; then, my lord, the net

... of that point is that the net value
 ... is sold in 1910.

... as you see with the same

you depreciated it for ?

MR. KELLOCK: My submission is the loss is the difference between \$200., the price realized and the depreciated value on the books of \$500., which is \$300., and not the difference between \$200., the price realized, and the original \$1,000. at which the asset appeared on the books in 1892.

THE COMMISSIONER : I think you are wrong if you are considering it as a fixed asset. There is a distinction. As a fixed asset it is not there at all. You put aside money to depreciate it by from year to year but the asset is not there.

MR. KELLOCK: I know, but we are getting at what the witness in this sheet has got at.

THE COMMISSIONER: What value would you put on it?

MR. KELLOCK: My complaint, my lord, is you do not deduct the full loss from the original price. You must only deduct it from the depreciated value or else leave depreciation out of it altogether. When you deduct depreciation and the loss figured on the basis of the difference between the price realized and the original cost you are talking off some part of that twice.

BY THE COMMISSIONER: Q. Have you anything to say to that ? A. I cannot agree with that at all.

BY MR. KELLOCK: . Then, what is your explanation? Where am I wrong ? A. What do you mean explanation? I am telling you what I have done and I cannot see anything wrong with it. I am not going to try

depreciated it for?

MR. KILLICK: My submission is the loss is the difference between 1900, the price realized and the depreciated value on the books of 1900, which is 1900, and not the difference between 1900, the price realized, and the original 1900, at which the asset appeared on the books in 1892.

THE COMMISSIONER: I think you are wrong if you are considering it as a fixed asset. There is a distinction, as a fixed asset it is not there at all. You put aside money to depreciate it by from year to year but the asset is not there.

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THE COMMISSIONER: That value would you put on it?

MR. KILLICK: My complaint, my lord, is you do not deduct the loss from the original price. You must only deduct it from the depreciated value or

you do not depreciate and the loss figured on the basis of the difference between the price realized and the original cost you are taking off some part of that

BY THE COMMISSIONER: Have you anything to

say to that? I cannot agree with that.

Then, what is your explanation?

A. What do you mean explain?

BY THE COMMISSIONER: I am asking you what I have done and I can-

not agree with it. I am not going to

to tell you where you are wrong.

THE COMMISSIONER: Have you anybody else who can explain this differently.

5 MR. KELLOCK: Well, my lord, it is only mathematics.

THE COMMISSIONER: Bookkeeping is not always mathematics.

10 MR. KELLOCK: Well, I will argue the question afterwards, but will you agree with me in this, and I think you have already indicated you have, but let me just repeat it again that in either the \$7,130,000. or in the \$4,950,000. or in the \$600,000., or in them all some part of these amounts for depreciation or abso-
15 lence or replacements, or whatever you call it, apply against this \$3,000,000. so long as the company still retained these three mills? A. Yes, as long as the company retained them.

20 Q. All right, I will argue the rest of it afterwards. I suppose you will agree with me also in this that if I want to get at the book value of a fixed asset, at any time I must surely take into consideration the depreciation for the period that I have held the asset; isn't that right? A. If you
25 apply it against the asset; if you do not apply it against the asset then you are not using it for the purpose you set it up.

30 Q. Then, if I sell that asset the loss I realize when I sell it is not the difference between the price realized and the original cost but it is the difference between the price realized and the depreciated

value at which the asset appears on my books ?

A. Only if you apply the depreciation you set up against that.

Q. I accept that assumption.

5

THE COMMISSIONER: Suppose you had only one building and the one depreciation each year on that particular building. Then, you sold the building after a period of years. Wouldn't that get you to understand it better.

10

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: Put it to the witness that way.

15

BY MR. KELLOCK: Q. Take the first mill, the Merriton mill, \$447,000. you show as a loss. We will assume that that appeared in the books of the company in 1892 at we will say \$1,000,000.

20

THE COMMISSIONER: That is not enough. You must go further than that. Suppose they own nothing but the Merriton mill and paid a million dollars for it and each year set aside depreciation in respect to it. Now, go on.

25

BY MR. KELLOCK: Q. We start off, Mr. Howson, with the company having only one asset, the Merriton mill, for which they pay a million dollars, and they set up the book value in the books of the company at a million dollars, and supposing they depreciate that -- you would not allow it and neither would the Income Tax authorities, but we will take ten per cent for convenience. I am not very good at arithmetic.

30

THE COMMISSIONER: Each year.

BY MR. KELLOCK: Q. Ten per cent per annum is

the 45 which the asset appears on my books?

Only if you apply the depreciation you set up

the 1932 value? Suppose you had only one

building and there depreciation each year on that

particular building. Then, you sold the building at-

for a period of years. Wouldn't that get you to under-

stand it better.

THE COMMISSIONER: But it is to the witness that way.

BY MR. KELLER: I take the first mill, the

Wentworth mill, \$44,000. You show as a loss. We will

assume that that appeared in the books of the company

in 1932 at we will say \$1,000,000.

THE COMMISSIONER: That is not enough. You must

go further than that. Suppose they own nothing but

the Wentworth mill and paid a million dollars for it

and each year set aside depreciation in respect to

it. Now, go on.

BY MR. KELLER: We start off, Mr. Hanson, with

the company having only one asset, the Wentworth mill,

for which they pay a million dollars, and they set

up the book value in the books of the company at a

million dollars, and supposing they depreciate that --

the book value of the mill would be \$1,000,000

and supposing, now, we will say that the mill was

sold for \$1,000,000. The net profit would be

the depreciation. That is

the net profit. The net profit would be

a proper rate of depreciation; in five years you would have written off that asset, either written off or you would have provided a reserve against it of five times ten which would be \$500,000., wouldn't you ?

5 A. Yes.

Q. Well then, your net book value of that year, at that time, would be \$500,000., wouldn't it ?

A. Yes.

Q. You subtract that --

10

THE COMMISSIONER: No, you sell it now.

MR. KELLOCK: I want to subtract it first, my

lord. A. No, you have not applied that depreciation against that mill.

15

Q. Well, I will apply it. If I am asking you what is the net book value surely I am applying it.

Doesn't it involve ~~my~~ applying it ? A. You mean your question ? Yes.

20

Q. Yes; then, the book value, the net book value five years later, in 1897 is \$500,000. ? A. Yes.

Q. All right; now, I sell the mill and I have to take \$300,000. for it ? A. Yes.

Q. What is my loss ? A. Your loss is \$200,000., and you apply the depreciation against it.

25

Q. My loss is \$200,000.

MR. MORUER: If you apply depreciation.

MR. KELLOCK: Please don't confuse me. My loss is \$200,000. Now, in arriving at that loss you have taken the difference between the price realized in 1897 -- A. No, wait a minute, stick to this transaction.

30

Q. I am sticking to it; five years later is 1897, is that right? I will start off in 1892 and then five years depreciation -- A. I thought we were dealing with a specific case.

5 Q. We are still dealing with a hypothetical case.
A. You have lost \$200,000.

THE COMMISSIONER: You bought it for a million and sold it for \$300,000. You had \$500,000. set aside for depreciation. Your loss is \$200,000.

10 BY MR. KELLOCK: Q. You get at that by taking the difference between the price realized and the depreciated value.

THE COMMISSIONER: It is \$200,000. if you apply it.

15 THE WITNESS: But you have not applied your depreciation in this case.

BY MR. KELLOCK: Q. It shows on the sheet, page 4; you say I have not applied it on page 4? A. No.

20 Q. Why did you deduct all depreciation if it isn't to be applied? A. Not against the \$1,121,000.

Q. The \$1,121,000. is loss. We are not talking about that at the moment. You are saying if we apply depreciation against the asset; haven't you applied it when you deducted it from these figures you have on the sheet? A. Yes, in that relation but in order to satisfy your argument I should have deducted \$1,121,000. from the \$16,000,000.

30 Q. No, we are not talking about that; that is another subject. A. But we have to talk about that

Q. I am asking to it; have you been in

1957, is that right? I will start off in 1952 and

then five years depreciation -- I thought

we were dealing with a specific case.

Q. We are still dealing with a hypothetical case.

A. You have lost \$200,000.

THE WITNESS: You bought it for a million

and it is for \$200,000. You had \$200,000, not sold for

depreciation. Your loss is \$200,000.

BY MR. LALOR: You got at that by taking the

difference between the price realized and the depre-

ciated value.

THE WITNESS: It is \$200,000. It is not

THE WITNESS: But you have not applied your de-

preciation in this case.

BY MR. LALOR: It shows on the sheet, page

4; you say I have not applied it on page 4? A. No.

Q. Why did you deduct all depreciation if it

isn't to be applied? A. Not against the

\$1,121,000.

Q. The \$1,121,000 is loss. We are not taking

about that at the moment. You are saying it we apply

depreciation against the asset; haven't you applied

it as you stated in your own report you have

A. Yes, in that relation but

in order to satisfy your argument I should have de-

duced it, but I did not.

Q. Now you are saying that it is

not to be applied.

if you are saying --

Q. Just answer my question, please, when you talk about applying --

A. I think you are getting very much confused about something that is very simple. Maybe I could work it out on another formula that might be a little clearer.

Q. Just let us stick to this; when you talk about whether I have applied it or have not applied it you are talking about reserve or allowance for depreciation. We are not talking about loss at all. Isn't that clear, isn't my question clear? A. I must confess I don't know what you are getting at. I am trying to get at the net value of this company.

Q. I am going to give up, Mr. Howson? A. I think you might as well. I am afraid you cannot convince me.

Q. Well, I don't have to convince you. A. I may be terribly stupid --

Q. No, no, I think I have enough for my argument. Thank you very much. I want to go on to something else. Now, on this same sheet the next section of it in the centre of the page deals with this --

A. This same sheet?

A. Yes; before I pass to that I want to turn over to page 3 where you are not dealing with the value of fixed assets but you are dealing with capital; is that right? A. Yes.

THE COMMISSIONER: Dealing with value of stock.

BY MR. KELLOCK: Q. Your memorandum is headed Memo re Value of Stock Issued by the Company, and the

Just answer my question, please, when you

talk about anything -- A. I think you are

getting very much confused about something that is very

simple. Maybe I could save it out on another formula

that might be a little clearer.

Just let us stick to this; when you talk

about whether I have applied it or have not applied

it you are talking about reserve or allowance for

depreciation. We are not talking about loss at all.

Isn't that clear, isn't my question clear? A. I

must confess I don't know what you are getting at.

I am trying to get at the net value of this company.

I am going to give up, Mr. Howard? A. I

think you might as well. I am afraid you cannot

convince me.

A. Well, I don't have to convince you. A. I

may be terribly stupid --

Yes, Mr. Howard, I am a little stupid, but I am not

Thank you very much. I want to go on to something

else. Now, we have seen the first section of

it in the centre of the page deals with this --

A. This same sheet?

A. Yes; before I pass to that I want to turn over

to you a copy of the first section of the report.

It is very simple and you are familiar with it.

Yes, Mr. Howard.

MISSIONARY: Dealing with value of stock.

W. H. C. C. Your memorandum is headed

Value of stock owned by the company, and the

first thing you set down is the present capital.

Then you deduct this bonus stock and then you deduct the whole \$1,121,870.; is that right? A. Yes.

5 Q. Now, part of that is this loss realized on the sale of these three mills? A. Yes.

10 Q. And at the time that the stock which you set out at the head of the page, \$6,377,000., was issued the company had those assets, those three mills against the stock that was issued; isn't that right? A. Yes, some of the stock, the stock that was outstanding at that time.

15 Q. Yes, the stock that was outstanding at that time; the company had those assets against the stock that was issued. Now, the company sells the assets in 1902, 1906 and 1910, and we are not dealing with any value of fixed assets which the company has left; we are dealing with capital, and you say when the stock was issued the company had the asset so why do you deduct from the capital the loss realized from 20 12 to 18 years later? A. Because capital represents your assets and these assets have disappeared from your capital so your capital has that much less value.

25 MR. McRU R: It is impaired.

BY MR. KELLOCK: Q. The capital is impaired? A. Yes.

30 Q. But the capital stock is still outstanding? A. I am not dealing with it on that basis. I am trying to get at the dollars and cents value. I am not observing these legal technicalities.

...ing you are now in the present capital.

...you bought the house stock and then you de-

...the whole \$1,251,370; is that right? A. Yes.

A. Now, part of that is this loss realized on

the sale of these three mills? A. Yes.

...and at the time that the stock which you got

out as the head of the page, \$6,377,000, was issued

the company had those assets, those three mills against

the stock that was issued; isn't that right? A. Yes.

...of the stock, the stock that was outstanding at

that time.

A. Yes, the stock that was outstanding at that

time, the company had those assets against the stock

that was issued. Now, the company sells the assets

in 1903, 1904 and 1910, and we are not dealing with

any value of fixed assets which the company has left;

we are dealing with capital, and you say when the

stock was issued the company had the assets so why

do you deduct from the capital the loss realized from

is to 18 years later? A. Because capital re-

presents your assets and these assets have disappeared

from your capital so your capital has that much less

value.

...is it?

BY MR. KILLOCK: ... The capital is increased?

A. Yes.

...and the capital is now \$1,251,370?

...and the capital is now \$1,251,370?

...and the capital is now \$1,251,370?

...and the capital is now \$1,251,370?

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Q. Don't accuse me of being a little technical; the very first thing you have got on the page is present capital and you divide it into preferred and common stock ? A. Yes.

5 THE COMMISSIONER: Minus certain things.

MR. KELLOCK: Yes. A. In order to tie up with the statements and have something that will be recognizable with something else.

10 Q. But after you deduct this \$1,121,000. the result you get you call assets in cash or kind received by the company; now, didn't the company originally receive those ? A. Mr. Kellock, don't tie me down. I am prepared to change some of this wording. As I explained to you before, we were rushed in preparing these statements, particularly these cotton statements. They had to be prepared, and we were waiting on information from the various companies right up to the last minute, and we had no time to go over these headings and give them real consideration as to what the actual wording may signify.

20 Q. Then, your language is not very happy there.

THE COMMISSIONER: What is that ?

25 BY MR. KELLOCK: Q. Your language is not very happy there, or appropriate there? A. It may not be.

30 BY THE COMMISSIONER: Q. What do you mean by assets in cash or kind ? A. I mean the consideration that is behind that stock in the way of assets which the company received at various times or acquired.

.. You mean the remnant of those assets still on

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down

2. Don't accuse me of being a little technical;

the very first thing you have got on the page is
present capital and you divide it into preferred and

common stock ? A. Yes.

THE COMMISSIONER: Minus certain things.

MR. KILLOCK: Yes. A. In order to tie up with

the statements we have something that will be rec-

ommended by the company.

2. Now, if you have any other assets, say

realty that you call assets in cash or kind received

by the company; now, didn't the company originally

receive those ? A. Mr. Killock, didn't the

company. I am prepared to change some of the word-

ing as I explained to you before, we were rushed in pre-

paring these statements, particularly these cotton

statements. They had to be prepared, and we were

relying on information from the various companies right

up to the last minute, and we had no time to go over

these headings and give them real consideration as

to what the actual wording may signify.

3. Then, your language is not very happy there,

THE COMMISSIONER: What is that ?

BY MR. KILLOCK: Q. Your language is not very

happy there, or appropriate there? A. If you

not be.

BY THE COMMISSIONER: Q. What do you mean by

language is not happy there ?

What is meant is being that stock in the way of assets

which the company received at various times or periods.

2. Now, the remnant of those assets still on

hand? A. Yes.

BY MR. KELLOCK: Q. Mr. Howson, when you deduct that \$1,121,870. you do that with this description: "Inflation in initial value of assets taken over as part consideration" ? A. Yes.

Q. Now, that language does not apply at all to the Merriton, Lybster or Dundas mills, does it ? A. There is a great deal of inflation in these values that I was not able to get.

Q. Let us stick to the evidence you are able to give founded on knowledge. That language does not apply at all to those three assets ? A. Yes, I think it does.

Q. What inflation was there ? A. With the exception of the Merriton mill; the Merriton mill, I think, was the only one that was operated. The other ones were sold and never operated as far as I can recall.

Q. You say it does not apply to the Merriton mill? A. No, it does not directly, or wholly.

Q. Or even partly ? A. Yes, it partly does.

Q. Why does it in part ? A. Because the loss was not on the assets acquired afterwards in toto by any means, but acquired on the mill building when it was acquired at the beginning and the loss on the mill building would come within that category.

Q. What you say is if the company acquires mills-- were these mills going concerns when they were purchased ? A. Well, I cannot answer.

Q. You don't know ?

MR. McRUER: Probably you know.

BY MR. KELLOCK: Q. Are you saying when the company acquires a mill in 1892 and does not choose to operate it for any reason, which seems good to the company and sells it from 12 to 18 years later at a loss over what it paid that that is to be regarded as inflation in the original capital structure of the company ? A. Well, you can call it what you like.

Q. I am just dealing with what you call it.

MR. McRUER: Impairment of capital, anyway.

BY MR. KELLOCK: Q. Impairment does not happen until the mill has realized 18 years later ? A. It may have been because they could not sell it before that. I think that is the case with some of these mills.

THE COMMISSIONER: Now, this page deals with present capital. He takes the original capital and reduces it by these figures.

MR. KELLOCK: Well, I quarrel with that, my lord.

MR. McRUER: If you want any other word that is more appropriate I am quite willing to put it in. I must say I think Mr. Howson has done extremely well.

MR. KELLOCK: It is not you at all, it is Mr. Howson I am questioning.

MR. McRUER: That is the very attitude, you are acting for a company that is being investigated that has got tariff benefit from the Government of Canada.

MR. KELLOCK: I hope my friend won't take advantage of the opportunity to read me a lecture. I

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don't want to be lectured.

5 MR. McRUER: I am inviting you on behalf of the company to suggest to us what would be a proper description to assist us in the investigation. You say I am not preparing the statement and I disown anything in connection with it.

MR. KELLOCK: My answer is the witness has mixed up several things here under one heading that I have no words to properly describe. That is my answer.

10 MR. McRUER: Well, that is a blocking tactic and we will deal with it as such.

MR. KELLOCK: I think you do me an injustice. However, I am not blocking at all. I am trying to find out what the facts are just the same as I think you are. Now, Mr. Howson, I want to deal with the page I started with, page 4 --

15 THE COMMISSIONER: Well, we will come back in a few minutes.

20 -- The Commission adjourned for a short recess.
-- On resuming.

25 BY MR. KELLOCK: Q. Now, Mr. Howson, on page 4 you have used this figure of \$9,000,000. and you have told his lordship how you arrive at that, and at the foot of the page after you have set out this figure of \$9,000,000. you say "Caused by excessive depreciation and repair charges to operations which totalled \$22,000,000.", and so on. Now, is the \$9,000,000. the same sort of a figure that the \$17,000,000. was in the case of the Dominion Textile.

30

Q. Now, I am inviting you on behalf of the
company to suggest to me what would be a proper de-
scription to assist us in the investigation. You say
I am not mentioning the statement and I don't say this
in connection with it.

A. All right; my answer is the witness has not
up several things here under one heading that I have
no words to properly describe. That is my answer.
Q. Now, well, that is a blocking factor and
we will deal with it as such.

A. Now, I am not blocking at all. I am trying to
find out what the facts are just the same as I think
you are. Now, Mr. Brown, I want to deal with the
page I started with, page 4 --
Q. Now, well, we will come back in
a few minutes.

-- The Commission adjourned for a short recess.

BY MR. KILLOCK: Now, Mr. Brown, on page
4 you have used this figure of \$3,000,000. and you have
told his lordship how you arrive at that, and at the
foot of the page after you have set out this figure
of \$3,000,000. you say "caused by excessive depre-
ciation and other things in connection with
the business of the company." and so on. Now, is the
figure of \$3,000,000 the total of the business of the
company?

THE COMMISSIONER: Pardon me; please repeat the last part of that question.

5 BY MR. KELLOCK: Q. Is the \$9,000,000. the same sort of a figure as the \$17,000,000. was in the case of the Dominion Textile ? A. The only difference is it is not as complete as the figure of the Dominion Textile.

Q. What do you mean by that ?

10 BY THE COMMISSIONER: Q. Not so definite ?

A. Not so complete.

Q. Dominion Textile was down to the cents ?

A. It is the difference between the book value and the insurance appraisal.

15 BY MR. KELLOCK: Q. Then, the elements in it are the same, that is, appreciation in land, building -- A. No, there is no land in here.

Q. Pardon ? A. There is no land in the \$22,000,000.

20 Q. Appreciation of buildings ? A. There is no appreciation in buildings.

Q. Why not ? A. Because the insurance appraisal is at to-day's value, or 1933 values which are the lowest values that have prevailed since 1920.

25 Q. What about 1892; that is where we start off, in the figure at the top of the page ? A. If you have got any buildings or machinery to-day that were built in 1892 I don't think they are appreciated in value.

30 Q. What is that ? A. If you have got any buildings or machinery in active operation to-day

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that was in active operation in 1892 I don't think there is any question that they would have appreciated in value after using them for that period.

5 Q. Let us stick to buildings for the moment; has the company any buildings that they had in 1892 ?

A. I cannot answer that question definitely but I presume they would have.

10 Q. All right; in what years were the buildings, which the company now has, acquired ? A. I don't know.

Q. Well then, I am asking you if the nine million dollar figure does not include appreciation in value in the company's buildings since 1892 ? A. I don't think there would be any appreciation in value.

15 Q. You don't think there would be ? A. That is just my opinion. I have no way of verifying that.

BY THE COMMISSIONER: Q. Have there been additions and new buildings ? A. Oh yes, there have been additions to the buildings.

20 BY MR. KELLOCK: Q. Well then, Mr. Howson, coming back to the way you describe it you say "Caused by excessive depreciation and repair charges to operations."

A. Yes.

25 Q. Now, how much do you attribute to excessive depreciation ? A. I cannot tell you.

Q. You cannot tell me a dollar ? A. No.

30 BY THE COMMISSIONER: Q. Can you go behind that; how do you know that any of the depreciation is excessive ? A. The basis of this surplus--

BY MR. KELLOCK: Q. What surplus ? A. This \$9,000,000.

that was in active operation in 1882 I don't think
there is any question that they would have appreciated
in value after using them for that period.
Q. Let us stick to buildings for the moment; has
the company any buildings that they had in 1882?
A. I cannot answer that question definitely but I
presume they would have.
Q. All right; in what years were the buildings,
which the company now has, acquired? A. I don't know
.. Well then, I am asking you if the name million
dollar figure does not include appreciation in value
in the company's buildings since 1882? A. I don't
think there would be any appreciation in value.
Q. You don't think there would be? A. That is
just my opinion. I have no way of verifying that.
BY THE COMMISSIONER: Q. Have there been addi-
tions and new buildings? A. Oh yes, there
have been additions to the buildings.
Q. Now, how much do you attribute to excessive
depreciation? A. I cannot tell you.
BY THE COMMISSIONER: Q. Can you go behind that
and as you said that some of the depreciation is ex-
cessive? A. The basis of this surplus-

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BY THE COMMISSIONER. Q. The surplus you arrive at ? A. Yes, would be created by the charges to operations for depreciation and these repair charges.

MR. KELLOCK: No, his lordship asked you how you were able to say --

BY THE COMMISSIONER: Q. It is your use of the word "excessive"; what do you found the use of the word "excessive" upon ? You say "excessive depreciation."

A. Just on this surplus.

Q. No, first you arrive at a surplus of over \$9,000,000. and then you say this is a surplus that is caused by excessive depreciation. How do you arrive at the first conclusion that there is excessive depreciation ? A. It is just a general conclusion.

I cannot support it directly.

Q. Does the word "excessive" there apply to repair charges as well ? You say "Caused by excessive depreciation and "-- you mean excessive repair charges ?

A. Yes.

Q. I would like to know how you arrive at the idea there was too much charged to depreciation and too much charged for repairs; can you tell me ? A. It is just a general conclusion, sir, based on the surplus.

Q. On the amount set aside for these things, on what you find there ? A. Yes.

BY MR. McRUR: Q. And the fact that the insurance appraisal shows the buildings to-day to be worth \$9,000,000. more than the book value as written down by depreciation ? A. Oh yes.

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BY THE COMMISSIONER. Q. The surplus you arrive

at? A. Yes, would be created by the charges to

operations for depreciation and these result on year.

MR. BRIDIE: No, his lordship asked you how you

were able to say --

BY THE COMMISSIONER: Q. Is it your use of the

word "excessive"; what do you found the use of the word

"excessive" upon? You say "excessive depreciation"

A. Just on this surplus.

A. No, that you arrive at a surplus of over

\$5,000,000, and then you say this is a surplus that

is caused by excessive depreciation. How do you arrive

at the first conclusion that there is excessive depre-

ciation? A. It is just a general conclusion.

I cannot support it directly.

A. Does the word "excessive" then apply to re-

pair charges as well? You say "caused by excessive

depreciation and" -- you mean excessive repair charges?

A. Yes.

A. I would like to know how you arrive at the idea

there was too much charged to depreciation and too

much charged to repairs; and you tell me V. 11, 12

is just a general conclusion, it is based on the sur-

plus.

A. No, we would not make the same thing, no

A. Yes.

and you think I

BY MR. BRIDIE: A. And you say that the surplus

exceeded some the balance ready to be used

it, and you say that the surplus was not used

it was not used

Q. That is they have depreciated them to take care of contingencies.

MR. KELLOCK: Well, --

5 MR. McRUER: Let the witness answer. I want to know if it is not the case. Don't you want the facts.

MR. KELLOCK: The witness prepared this statement and I want to know what basis he prepared it on.

10 THE COMMISSIONER: So do I. It was I who asked the question. You see, you find the insurance appraisal arrives at how much ? A. \$22,027--

Q. No, I say the insurance appraisal in 1933 ?

A. It was \$12,506,000. .

15 Q. Which is on the buildings as they stood then, of course ? A. Yes, in 1933. The value put upon the buildings then was \$3,933,000.

Q. That is the book value that the company put on ? A. No.

20 Q. Here is the heading, "1933 insurance appraisal" ? A. That is the insurance appraisal that the company got on its own plant.

Q. Who arrived at those figures, the insurance company ? A. The appraisers for the insurance company.

25 Q. Valued the buildings at \$3,933,000. ? A. Yes.

Q. Now, the buildings as they stood then were worth that in the opinion of the insurance company's appraiser. You call it depreciated value. You mean to say as they stood ? A. Yes.

30 Q. As they stood in that year they were worth \$3,933,000. ? A. Yes.

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Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

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A. Yes, I know it is not the case. I want the facts.

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A. Yes, I know it is not the case. I want the facts.

Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

Q. Now, I want to ask you, did you know it is not the case, didn't you want the facts?

A. Yes, I know it is not the case. I want the facts.

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Howson

Q. And the machinery some \$8,572,000.; if you take those figures as right then you have an actual value of \$12,000,000.? A. Yes, of the proportion covered by the insurance appraiser.

5 Q. Now, go on from that? A. Then, on that basis which shows a surplus of \$9,000,000. over the book value which I show here, it is my assumption that the \$9,000,000. was created by --

10 . The book value which is shown is \$4,202,000. to begin with and you adjust that down to \$3,080,000.? A. Yes.

. There is where you get your \$9,000,000. from? A. Yes, sir.

15 BY MR. KELLOCK: Q. Then, Mr. Howson, I am asking you why you use the description or explanation at the foot of the page that this \$9,000,000. is "Caused by excessive depreciation and repair charges to operations"? A. I just answered you.

20 THE COMMISSIONER: Well, I understand it now.

THE WITNESS: I thought I just answered that question.

BY MR. KELLOCK: Q. As I understand it you find that some insurance company appraiser in 1933 --

25 MR. McRUER: It isn't some Insurance company appraiser. It is the company's appraiser, an appraisal made for the purpose of the insurance of the company.

30 THE WITNESS: It is the appraisal given to us by the Canadian Cottons.

BY MR. KELLOCK: Q. Now, Mr. Howson, who made

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an of moving. I believe a shift at 11

the appraisal ? A. I don't know who made it.

Q. Was it an employee --

MR. McRUER: You probably know.

MR. KELLOCK: Some time I hope to be able to complete a question without interruption. Was it somebody retained by the Insurance company ? Was it somebody employed by the Insurance company ? A. I understand it was an appraiser from the insurance company.

Q. Then, my friend is wrong when he suggests it is somebody retained by the Canadian Cottons.

MR. McRUER: I did not suggest that, never suggested it.

THE WITNESS: I presume the insurance company was asked to make the appraisal by the Canadian Cottons.

BY MR. KELLOCK: Q. Yes, all right, we have that. Now, the gentleman who did it arrived at a figure of \$12,500,000. and you go back and you find that the book value of the assets that the company has, its fixed assets was \$16,883,000. and that goes back in part, at least, to 1892; is that right ? A. Yes, sir.

Q. Then, you make your deductions as you show on the page, and you get a figure of \$9,000,000., and on those facts you use the language that you do at the foot of the page, excessive depreciation and excessive repair charges ? A. Yes.

Q. That is the language you use there ? A. That is on the fact that construction costs in 1933 were at the low point.

Q. Since when ? A. Since at least 1920.

.. Now, on the page before that, page 3, your memorandum of the value of stock issued by the company first you deduct bonus stock and then you deduct in full the \$1,121,000. that we have discussed. I won't say any more than that, and then you get a figure of \$3,930,130. Then, you deal with the dividends paid, the undistributed surplus and then you say "Approximate surplus in fixed asset values over book value as per insurance appraisal as a result of excessive depreciation and repair charges to operations, \$9,000,000." Now, it is all under the heading of "Assets in cash or kind received by the company" . That is, the company received \$9,000,000-- A. No, it isn't at all. That doesn't apply.

Q. Oh yes, I see that applies to the figure above.

THE COMMISSIONER: That applies to the \$3,930,000. It is not the heading.

MR. KELLOCK: That is quite right. I am wrong in that, but what you do say is "As a result of excessive depreciation and repair charges to operations," and then you go on to give the total figure at the foot of the page, \$24,560,000. which is the sum of the three items above that, and opposite the twenty four million you say "approximate total of cash returns and undistributed equities from operations". Now, is the \$9,000,000. from operations? A. If it is the result of excessive depreciation and repairs, of course.

Q. You don't know whether it is or not ?

A. Well, depreciation and repairs were charged to

operations?

Q. Yes, but you don't know whether the \$9,000,000 is as a result of excessive depreciation and repair charges, do you ?

5 THE COMMISSIONER: He says so on that sheet.

BY MR. KELLOCK: Q. Yes, he says so, but do you know that ? A. I say that is my opinion. That is the best I can do after my examination of the accounts.

10 Q. All right; you cannot tell me, I think you said, how much is due to excessive depreciation ?

A. No.

Q. You cannot tell me how much is due to excessive repairs ? A. No.

15 Q. But you say the total is due to both of them?

A. Yes.

Q. You don't know whether as a matter of fact any part is due to either ? If you cannot tell me how much is due to excessive depreciation you cannot tell me whether it is one dollar or no dollars? A. I can tell you in my opinion it is the amount set out there.

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Q. All right; now, what is the basis of the insurance appraisal in 1933 ? Do you know on what basis it was prepared ? A. You mean the physical--

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Q. No, how did the gentleman who made it arrive at \$12,500,000. ? A. I don't know.

Q. Then, you use a figure that somebody has --

THE COMMISSIONER: Pardon me a moment; which figure are you referring to ?

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MR. KELLOCK: I am referring, my lord, to the

Q. Yes, but you don't know whether the \$2,000,000

is as a result of excessive depreciation and repair

THE COMMISSIONER: He says so on that sheet.

BY MR. KENNEL: Q. Yes, he says so, but do you

know that? A. I say that is my opinion.

That is the best I can do after my examination of the

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Q. All right; you cannot tell me, I think you

said, how much is due to excessive depreciation?

A. No.

Q. You cannot tell me how much is due to excessive

depreciation? A. No.

Q. But you say the total is due to both of them?

A. Yes.

Q. You don't know whether as a matter of fact

any part is due to either? If you cannot tell me how

much is due to excessive depreciation you cannot tell

me whether it is one dollar or no dollars? A. I can

tell you in my opinion it is the amount set out there.

Q. All right; now, what is the basis of the

insurance appraisal in 1935? Do you know on what

basis it was prepared? A. You mean the physical--

Q. No, how did the gentleman who made it arrive

at \$12,500,000? A. I don't know.

Q. Then, you use a figure that somebody has --

THE COMMISSIONER: Pardon me a moment; which

figure are you referring to?

MR. KENNEL: Yes, sir, the \$12,500,000 figure.

figure on page 4, \$12,506,000.

THE COMMISSIONER: The insurance appraisal ?

MR. KELLOCK: Yes, which is the basis for the arrival at this figure of \$9,000,000.

5 THE COMMISSIONER: Let me know about this. Was this used as the basis for a valid subsisting insurance contract between the company and the insurance company?

MR. KELLOCK: I don't know, my lord.

THE COMMISSIONER: You don't know?

10 MR. KELLOCK: No.

THE COMMISSIONER: Then, it is time you did know.

MR. McRUER: We furnished the company with a copy of the statement some long time ago.

15 MR. KELLOCK: I assume, my lord, that in 1933 when this insurance appraisal was made -- I have no doubt some contract of covering was based upon it.

20 Page 13005 follows.

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...of this figure of \$9,000,000.

THE COURT: Let me know about this.

THE WITNESS: I don't know, my lord.

THE COURT: You don't know?

THE WITNESS: No.

THE COURT: Then, it is time you did know.

...of the statement some time ago.

THE WITNESS: I assume, my lord, that in 1933

when this insurance appraisal was made -- I have no

doubt some contract of covering was made upon it.

...1933 follows.

13005

Hobson

THE COMMISSIONER: Q. Where did you get these figures from? A. From the Company.

Q. Was it given to you? A. We asked the Company if they had any appraisal of their plant and fixed assets and they produced this as the latest appraisal that they had, and it shows in detail the value of each of the plants.

MR. KELLOCK: Q. What I am asking you ---

THE COMMISSIONER: I will have to take that as final unless you have something else.

MR. KELLOCK: My point is this: that an insurance appraisal is prepared for one thing.

THE COMMISSIONER: He tells me that he asked the Company if they had any appraisal of the value of their plant and buildings and they gave him this.

M.R. KELLOCK: Yes.

THE COMMISSIONER: They gave him this - I don't care where they got it from-and they say, "here it is." Now, if you want to better that in any way or show there has been any mistake or wrong figures have been given, well, bring down the evidence.

MR. KELLOCK: I am not on that point.

THE COMMISSIONER: Do you mean to say your Company can hand out figures and then come here and say "Oh, you cannot take that, that is only insurance," Without giving me something else?

MR. KELLOCK: No, I am suggesting this that appraisal---

Winton Trust

Is it given to you?

Company it they had any appraisal of their plant and

fixed assets and they produced this as the latest

value of each of the plants.

MR. KELLOGG: What I am asking you --

THE COMMISSIONER: I will have to take that as

final unless you have something else.

MR. KELLOGG: My point is this: that an insurance

appraisal is prepared for one thing.

THE COMMISSIONER: He tells us that he never the

company it they had any appraisal of the value of their

plant and buildings and they gave him this.

MR. KELLOGG: Yes.

THE COMMISSIONER: They gave him this -- I don't

know where they got it from -- and they say, "here it is."

Now, if you want to better that in any way or show

there has been any mistake or wrong figures have been

given, well, bring down the evidence.

MR. KELLOGG: I am not on that point.

THE COMMISSIONER: Do you mean to say your company

can hand out figures and then come here and say

"oh, you cannot take that, that is only insurance?"

THE COMMISSIONER: I am suggesting this that

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THE COMMISSIONER: Never mind that.

Q. Did you ask for insurance appraisal or value of the building? A. Asked for appraisal of their fixed assets and they said that the only thing that they had was insurance appraisal of 1933, which they gave to us as value of their buildings.

THE COMMISSIONER: You cannot hand me figures and then say: Don't take them, disregard them, there are strings on this.

MR. KELLOCK: I am not dealing with those figures at all on that basis, I have something else in mind. I just asked you and I understood you to say you did not know on what basis the insurance appraisal was made, that is, whether replacement or replacement less depreciation or market value? A. Oh, yes, I have that information.

Q. On what basis was it prepared? A. All figures are net values, depreciation and uninsurable portions having been deducted.

Q. Well, you understand that the appraisal is on this basis - that is, on the basis of new buildings erected to-day or 1933 costs.

THE COMMISSIONER: Replacement value?

MR. KELLOCK: Replacement value less depreciation, my lord.

Q. Is that your understanding? A. My understanding is it is the present value of those buildings which they appraised.

THE COMMISSIONER: Because there is a difference between replacement value and market.

MR. KELLOCK: That is what I am getting at.

THE COMMISSIONER: Q. This is market value?

5 A. This is present value I understand in 1933.

Q. What did you say - repeat it again? A. All figures are net values, depreciation and uninsurable portions having been deducted and I have put down here that this appraisal will be increased by the value of the building sub-structure, which is uninsurable portions.

MR. KELLOCK: No, we are not speaking of that.

MR. McRUER: If they were replacement value they would not deduct depreciation. You cannot have both. They would not insure replacement values.

MR. KELLOCK: Q. Do you understand that that figure which you have used in this sheet is replacement values less depreciation or is it market value - do you understand the difference between replacement value less depreciation and market value?

THE COMMISSIONER: I suppose - this is Ontario or Quebec?

25 MR. McRUER: It is Ontario. These mills are in Ontario.

MR. KELLOCK: Q. Can you tell me that: Do you know whether the gentleman who made this appraisal arrived at its results by using replacement values less depreciation or whether he took market value? A. I don't know that I can answer you that point.

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don't know that I can answer you that point.

Q. Have you any idea when you used the figure in your sheet - did you regard it as market value or replacement less depreciation? A. I regarded it as reasonable value.

Q. You are not answering my question? A. You asked me now I regarded it and I am telling you.

Q. Did you think of the difference between market value and replacement less depreciation - did you have that in mind at all? A. No, I don't think so.

Q. Now, you see, if the appraisal was based on replacement less depreciation and not market value, the only way the Company could realise that value would be by having a fire, would not it?

MR. McRUER: How could they realise it by having a fire?

THE WITNESS: What difference does it make?

MR. KELLOCK: My point is this---

A. You notice I used the word "Approximate" here.

Q. I know, I am overlooking that for the moment. My question is this: if you use a figure that the Company could not realise except by having a fire, then the Company certainly has not received it, and how is it proper to add that to such items as dividends and surplus? A. I am arriving at the equities

in addition to the returns behind the common stock.

Q. I know you are but if you are taking a value that the Company could only realise in the event of a

Don't know that I can answer you that point.

Q. Have you any idea when you used the figure in your sheet - did you regard it as market value or replacement less depreciation?

A. I regarded it as market value.

Q. You are not answering my question? A. You asked me how I regarded it and I am telling you.

Q. Did you think of the difference between market value and replacement less depreciation - did you have that in mind at all?

A. No, I don't think so. Now, you see, if the appraisal was based on replacement less depreciation and not market value,

the fact that the appraisal was based on market value would be by having a fire, would not it?

Q. Now, would you realize it is possible to have a fire?

A. Yes, that difference does it make?

Q. My point is this - You notice I used the word "approximate" here.

A. I know, I am overlooking that for the moment. My question is this: if you use a figure that the company could not realize except by having a fire,

is it proper to add that to such items as dividends and surplus?

A. I am arriving at the conclusion that in addition to the returns behind the common stock.

Q. Now you are but if you are taking a value in the event of a

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fire what is the value of your conclusion - that is my question? A. I think the value of the conclusion is that the value placed on those buildings is a reasonable value.

5 Q. You come back to that? A. Yes.

MR. McRUER: That is what it is based on.

THE WITNESS: If you had an appraisal by an appraisal company you could not realise the value probably if you had a fire.

10 MR. KELLOCK: Q. If based on market value you could? A. Might not be able to.

Q. You not might be able to in either case? A. But this is appraisal that the Company gave us and it states that all figures are net values, depreciation and uninsurable portions having been excluded.

15 Q. You have added this \$9,000,000 into the dividends already paid and undistributed surplus and get---

20 THE COMMISSIONER: Where is that?

MR. KELLOCK: That is on page 3.

Q. Now, leaving out the dividends actually paid and adding this \$9,000,000 to the surplus on hand of \$5,782,067, that would be a total of \$14,782,067? A. Yes.

25 Q. Would it be your view that the directors of this Company would be justified of paying the dividends on the basis of that \$14,000,000 figure? A. No.

30 Q. You as an accountant would not advise the Directors of this Company or any other Company to have

the way in the value of your contribution - this is a
question. I think the value of the contribution
is that the value placed on those buildings is a factor

Q. You are not to that?
A. Yes.
Q. That is what it is based on.
A. Yes. It is based on the value of the
buildings. It is not based on the value of the
land. It is based on the value of the buildings.
Q. You are not to that?
A. Yes.

Q. It is based on the value of the buildings.
A. Yes.

Q. You are not to that?
A. Yes.
Q. This is a question that the Company has to ask is
whether the value of the buildings is a factor in the
valuation of the land. The answer is yes.

Q. You have added this \$5,000,000 into the dividend
already paid and undistributed earnings and set---

Q. The Company has to ask is that?
A. Yes.

Q. Now, leaving out the dividends actually paid
and adding this \$5,000,000 to the surplus on hand
the total would be \$14,000,000.

Q. Would it be your view that the directors of
the Company would be justified of paying the dividends
on the basis of that \$14,000,000 figure?
A. Yes.

Q. You are not to that?
A. Yes.

regard to any such figure in considering the amounts available for distribution as dividends, would you?

A. No.

Q. And this amount of \$9,000,000, I suppose it might have been a little more or less depending upon the gentleman who is employed to make the appraisal?

A. Why do you say that?

Q. I say it might be? A. The Company gave them to me and I have to take the position that the Company knew what it was doing and the man was capable otherwise would not be employed.

Q. It is a matter of opinion after all.

THE COMMISSIONER: Well, must be.

THE WITNESS: All appraisals are matters of opinion.

MR. KELLOCK: The Company would not be taxed on such a figure as this, would it? A. I do not know.

MR. McRUER: They got a commutation of taxes.

MR. KELLOCK: Now, I was wondering how seriously you regard it this as a real figure because in your "Analysis of capital employed," which is on page 1, do you include this \$9,000,000? A. No.

Q. On one sheet you say the Company has received it and on the other sheet where you are dealing with capital used by the Company in its operations you say the Company has not received it? A. The sheets are for two entirely different purposes.

Q. Two different purposes? A. Yes.

THE COMMISSIONER: Q. Perhaps you might tell us

regard to any such figure in considering the amount
available for distribution as dividends, would you?

A. No.

Q. And this amount of \$9,000,000, I suppose it
have been a little more or less depending upon the
gentleman who is employed to make the appraisal?

A. Why do you say that?

Q. I say it might be?

A. The Company gave
to me and I have to take the position that the Company
has made it as good as possible and
wise would not be employed.

Q. It is a matter of opinion other than that.

THE WITNESS: Well, must be.

THE WITNESS: All appraisals are matters of opinion
and cannot be taken on.

Q. I do not know
such a figure as this, would it?

MR. ROBERTS: They got a commission of taxes.

MR. ROBERTS: Now, I was wondering how seriously

you regard it this as a real figure because in your

"Analysis of capital employed," which is on page 1,

do you include this \$9,000,000?

A. No.

Q. On one sheet you say the Company has received

and on the other sheet where you are dealing with

capital used by the Company in its operations you say

the Company has not received it?

A. The sheets

are the two entirely different figures.

Q. The difference between

the two figures? Perhaps you might tell us

why you have not got it on page 1? A. Because the Company has followed up the advantage of the depreciation and repairs by charging them to operations.

5 MR. KELLOCK: Q. Well then, do you mean by that, if you are right, and it is due to excessive charges for depreciation and excessive repair charges that you added back to such a fund as surplus, ^{adjust} undistributed profits with the one hand - you say if taking too much I am to add it back to surplus but when you come to the 10 question of capital you balk at adding it to capital, is that it? A. Yes, but I have to adjust my profits over period if I do that.

Q. You could not add it back to capital in 15 1933 - did not suddenly spring into existence if it sprang at all, did not come just in 1933. You would have to go back and distribute it over preceding years? A. Yes.

20 Q. And you have not done it? A. No.

Q. Now, on page 2, that is your profit and loss account, in the third line there you have "Inventory adjustment"? A. Yes.

25 Q. That is on the basis of Mr. Brown's figures?

A. The original figures, yes, the original figures supplied to us. There have been some adjustments since.

30 Q. How much? A. I don't think the final figures are finished yet.

Q. Well then, in any event this --- A. These

are the figures that the Company supplied to us in the first instance and the only figures we had when the statements were compiled.

5 Q. Well then, it is intended in any event to cover this question of inventory reserve, is not it? A. Yes.

10 Q. Well then, when you add it in and you get down below the middle of the page where you have a number of items headed there "Deduct," one of them is "Income Taxes," if you add in that Inventory Reserve you would have to deduct a proportionate part of taxes on that amount, would not you? A. There would have to be some adjustment.

15 Q. You have not done that? A. I have not any figures in regard to it.

20 Q. Well, but you had the figures which you added to the Sales at the top of the page, which increased the Company's income and accordingly increased its profits? A. What did you say about sales?

Q. You have added at the top of the page, third line, "Inventory adjustment"? A. Yes.

25 Q. And then you go on to show gross profit and net profit below that on the basis of those figures? A. Yes.

Q. And I say that the Company's profits have been increased by the addition of these figures? A. Yes.

30 Q. You know what the figures are, you know what the increase is and you know what the rate of taxation in the case of a corporation is. It would

first instance and the only figures we had when the

figures were added.

Q. Well then, it is found in any event to cover

this question of inventory reserve, is not it? A. Yes.

Q. Well then, when you add it in and you get down

below the middle of the page where you have a number

of items needed there "before," one of them is "known

known," if you add in that inventory reserve you would

have to deduct a proportionate part of taxes on that

amount, would not you? A. There would have to

be some adjustment.

Q. You have not done that? A. I have not say

figures in regard to it.

Q. Well, but you had the figures which you added

to the table at the top of the page, which increased

the Company's income and accordingly increased its

profits? A. Yes, that is what I did.

Q. You have added at the top of the page, and

line, "inventory adjustment"?

A. Yes.

Q. And then you go on to show gross profit and

not profit below that on the basis of these figures?

A. Yes.

Q. And I am told the Company's profits were

increased by the addition of these figures?

Q. Now what are the figures are, you know

and the income is not the same as the

income is the same as the

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be quite simple to make your necessary adjustments of income tax on the bottom of the page? A. No, because I do not know what the income has been assessed at or on what basis in relation to the other matters.

5 Q. How do you mean? I do not follow you.

Is not Income tax Act one of general application and you find tax of so much on profit of so much and you increase the profit, why could not you figure increased tax? A. Because the Companies get no relief for year in which losses occur, and I do not know just what basis of depreciation allowed by the Income Tax is, and I could not work out the income tax without doing it in association with the Income Tax Department.

15 Q. I know but you are introducing depreciation there?

A. Well, depreciation is a vital factor in determining income tax, and may be a vital factor in determining whether this company has made a profit or loss.

20 Q. I know, but when you found --- A. Mr. Kellock, I have not included it and I have not been able to make it up. Now, that answers your question, does not it?

Q. Not quite. You knew what the income tax was before you added --- A. I did not know what the income tax was and I could not know. Oh, before this?

25 Q. Yes? A. I know what the Company put through as income tax, yes. That does not necessarily mean that was the income tax that the company paid on that year because a lot of those companies make appropriations

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be quite simple to make your necessary adjustments of
income tax on the bottom of the page? A. No, because

I do not know what the income has been assessed at
or on what basis in relation to the other matters.

... How do you mean? I do not follow you.

Is not income tax set out in general application and
you find tax of so much on profit of so much and you

increase the profit, why could not you figure income

tax? A. Because the Companies Act no longer

for year in which losses occur, and I do not know just

what basis of depreciation allowed by the Income Tax

is, and I could not work out the income tax without

doing it in association with the Income Tax Department.

... I know but you are introducing depreciation

A. Well, depreciation is a vital factor in determining

income tax, and may be a vital factor in determining

the loss of a company and may be a factor in determining

Q. I know, but when you found --- A. Mr. Mallory

I have not included it and I have not been able to make

it up. ... that is the question, how can I

Q. Not quite. You knew what the income tax

was before you added --- A. I did not know what

the income tax was and I could not work it out, before

Q. ...

... I know that the company has lost

an income tax, but that does not necessarily mean

that the company has lost the income tax, and that is the

question I am asking you to answer, and I am asking you to

for income tax on an estimated basis and it is adjusted.

Q. Then what you say is that this item of income tax ---

A. And you will notice in 1935 there was a substantial adjustment of income tax reserve.

5 Q. Let me put one question before you answer another. That you say is that under this item of Income Tax under general head of "Deduct" there, that that is not necessarily income tax paid, it may be just reserve for income taxes? A. Yes.

10 THE COMMISSIONER: Q. Well, how does this operate, you have "deduct" a number of things - income taxes deduct, 1928 \$60,280. 1929, \$39,747. 1934, \$60,000. And you have in 1935 deducted \$71,886 in the red -

15 how is that? A. That is adjustments they put through.

MR. KELLOCK: Q. Was it over-payment?

20 THE COMMISSIONER: Q. What do you mean when you put "Deduct" and put it in the red there? A. I don't know whether they got a rebate from the Income Tax Department or whether that was adjustment of the reserve.

MR. KELLOCK: You have answered my question.

THE COMMISSIONER: He has not answered my question.

25 Q. I just want to know what you do with it, if you add it whether in red or black? A. It is additional credit.

Q. You subtract it in this column? A. No, if it is red it is added. You see the --

30 Q. That is not what I mean. All deductions are

... income tax on an estimated basis and it is adjusted
... Then what you say is that this item of income
... and you will notice in 1935 there
... was a substantial adjustment of income tax reserve.
... Let me put one question before you answer
... that you say is that under this item of
... that is not necessarily income tax paid, it may be
... just reserve for income taxes?
... Yes.
... THE COMMISSIONER: ... Well, how does this operate,
... you have "deduct" a number of things - income taxes
... deduct, 1938 \$60,000, 1939 \$60,000, 1940 \$60,000,
... and you have in 1935 deducted \$1,000 in the tax -
... through.
... THE COMMISSIONER: ... What do you mean when you say
... "Deduct" and put it in the tax there?
... I don't
... know whether they get a rebate from the income tax
... Department or whether that was adjustment of the reserve.
... MR. KILGORE: You have answered my question.
... THE COMMISSIONER: He has not answered my question.
... I just want to know what you do with it, if you
... it whether in red or black?
... It is additional
... deductions are

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here. Now take the year 1934 you total the deductions at \$558,633? A. Yes.

Q. Take the next year, 1935, total deductions \$641,410? A. Yes, if the red figures had not been there it would have been \$271,000 greater.

Q. Greater. You took these red figures off?

A. Yes.

MR. KELLOCK: Q. What you say is that the reason you could not figure the proportionate income tax where you added on this adjustment by reason of inventory reserve because you did not know whether this was reserve or payment actually made? A. Well, in their surplus account they show here, "Income Tax Reserve not required \$101,886." So that the difference would be what they provided that year for income tax between \$71,000 and \$101,000.

Q. Take the year 1926, for instance, where you add \$1,076,167, third line from the top, and you do not have any item for income tax here at all, would not it have been possible to apply the statutory rate on the additional profit that you make there and show what should come off to compensate for the addition? A. I could approximate it, yes. Could never have gotten the correct figure.

Q. All right. The same applies, does it not, to page 5, memo of earnings. Your fifth entry there is the same thing, inventory reserve reversed?

A. Yes.

10000

10000

A. Yes.

.. from the next year, last, total deduction

10000, 10000 A. Yes, if the two figures had not been

.. from the next year, last, total deduction

.. Greater. You took these two figures off?

A. Yes.

.. KELLOCK: Q. What you say is that the reason

you could not figure the proportionate income tax

where you added on this adjustment by reason of having

reserve because you did not know whether this was reserve

or payment actually made? A. Well, in their original

account they show here, "income for reserve not requiring

\$100,000." So that the difference would be that they

provided that year for income tax between \$7,000 and

100,000.

Q. Take the year 1936, for instance, where you

add \$1,075,187, third line from the top, and you do

not have any item for income tax here at all, would

not it have been possible to apply the statutory rate

on the additional profit that you make there and

show what should come off to compensate for the

addition? A. I could not estimate it, yes.

Could never have gotten the correct figure.

.. All right. The same applies, does it not,

.. of course. Your fifth entry there

.. for the year 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 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3594, 3595, 3596, 3597, 3598, 3599, 3600, 3601, 3602, 3603, 3604, 3605, 3606, 3607, 3608, 3609, 3610, 3611, 3612, 3613, 3614, 3615, 3616, 3617, 3618, 3619, 3620, 3621, 3622, 3623, 3624, 3625, 3626, 3627, 3628, 3629, 3630, 3631, 3632, 3633, 3634, 3635, 3636, 3637, 3638, 3639, 3640, 3641, 3642, 3643, 3644, 3645, 3646, 3647, 3648, 3649, 3650, 3651, 3652, 3653, 3654, 3655, 3656, 3657, 3658, 3659, 3660, 3661, 3662, 3663, 3664, 3665, 3666, 3667, 3668, 3669, 3670, 3671, 3672, 3673, 3674, 3675, 3676, 3677, 3678, 3679, 3680, 3681, 3682, 3683, 3684, 3685, 3686, 3687, 3688, 3689, 3690, 3691, 3692, 3693, 3694, 3695, 3696, 3697, 3698, 3699, 3700, 3701, 3702, 3703, 3704, 3705, 3706, 3707, 3708, 3709, 3710, 3711, 3712, 3713, 3714, 3715, 3716, 3717, 3718, 3719, 3720, 3721, 3722, 3723, 3724, 3725, 3726, 3727, 3728, 3729, 3730, 3731, 3732, 3733, 3734, 3735, 3736, 3737, 3738, 3739, 3740, 3741, 3742, 3743, 3744, 3745, 3746, 3747, 3748, 3749, 3750, 3751, 3752, 3753, 3754, 3755, 3756, 3757, 3758, 3759, 3760, 3761, 3762, 3763, 3764, 3765, 3766, 3767, 3768, 3769, 3770, 3771,

Q. And in order to get an accurate figure we would have to add under the first item, under the heading "Appropriation" the income taxes on that? A. You would not have an actual picture then possibly.

5 A. You would have an accurate picture on the basis of the addition that you have made? A. Yes.

MR. KELLOCK: And then I asked Mr. Davidson if he would prepare a statement - have you got that, Mr.

10 Davidson - statement for wages. In the meantime,

Mr. Howson, I have had this prepared which shows an Analysis of the Sales Dollar of the Canadian Cotton Company for the year 1936, and I have had it checked

15 by Mr. Davidson. I understand it is correct. Is that right, Mr. Davidson?

MR. DAVIDSON: We have not been able to check it because we have not had access to exhibit.

20 MR. KELLOCK: May I ask you, Mr. Howson, if you would have? A. Which one?

Q. This document? A. Which statement here is that?

25 MR. KELLOCK: Canadian Cottons. It is prepared from Questionnaire I am told.

MR. McRUER: Have you a copy of it?

MR. KELLOCK: It is prepared from the Profit and Loss Account, Sheet one of the Questionnaire.

30 Mr. Howson, if you find anything wrong with this you will let us know. This has been very carefully checked.

THE WITNESS: Are you taking in the Inventory

... in the ... of the ...

... have an actual picture then possibly.

... You would have an accurate picture on the basis of the addition that you have made?

... and when I asked Mr. Davidson if he

Davidson - statement for value. In the meantime, Mr. Dawson, I have had this prepared which shows an

analysis of the sales of the Canadian Cotton Company for the year 1908, and I have had it checked

by Mr. Davidson. I understand it is correct. In the right, Mr. Davidson?

MR. LAWSON: We have not been able to check it because we have not had access to exhibit.

... which one?

... is that?

MR. KELLOCK: Canadian Cotton. It is prepared

... It is prepared from the Profit and

... Check one of the questionnaires.

... If you find anything wrong with this you

Adjustment?

Q. Yes? A. I will check it up.

MR. McRUER: This is just for last year. You do not give us any more.

MR. KELLOCK: Well, we will. May I have that marked?

THE COMMISSIONER: Tell me what it is. Who put it in?

MR. KELLOCK: There was one put in yesterday for Dominion Textile.

THE COMMISSIONER: I thought Mr. Howson said he was not accepting it.

MR. HOWSON: No, Mr. Kellock asked me to check it subsequently.

MR. THE COMMISSIONER: What is it?

MR. KELLOCK: Analysis of sales dollar for the year 1936. It is made up in this way:

Direct Labour, 25.95

Materials, 46.63

Manufacturing Expenses, 19.49

Selling and Administration, 3.49

Bond and Loan Interest,
Preferred Dividends and
Income Tax, 3.63

Return on Common Stock, .32

EXHIBIT 974: Analysis of Sales Dollar for the year 1936, Canadian Cottons.

MR. McRUER: How can this be the year 1936?

We have not annual statement for this Company.

MR. KELLOCK: Yes, you have, it is filed.

1931

1931

Adjustment?

Yes? I will check it up.

MR. BRYDIE: This is just for last year. You do

not give us any more.

checked?

THE COMMISSIONER: Tell me what it is.

it is?

MR. BRYDIE: There was one put in yesterday for

Dominion Textile.

THE COMMISSIONER: I thought Mr. Brydier said he

was not receiving it.

MR. BRYDIE: Analysis of sales dollar for the

year 1930. It is made up in this way:

Direct Labor, \$ 23.20

Materials, 4.40

Overhead, 1.40

Selling and Administration, 3.40

Bond and Loan Interest,

Preferred Dividends and

Income Tax, 2.60

Return on Common Stock, .30

TOTAL \$38.30 Analysis of sales dollar for the

year 1930. How can this be the year 1930?

THE COMMISSIONER: I statement for this Company.

THE COMMISSIONER: You mean the fiscal year, ending--

MR. KELLOCK: Yes.

THE COMMISSIONER: When does the fiscal year end?

At any rate not at the end of the calendar year?

5 MR. KELLOCK: No, my lord, March 31st.

BY MR. McRUER:

Q. In reference to insurance appraisal, as I understand it, if we take that as the basis of the value of the buildings at the present time and the value of the machinery at the present time, that value is approximately \$9,000,000 over and above the value carried on the books after it has been adjusted, as you have shown on page 4? A. Yes.

15 Q. So that not being able to account for any accretion in building values the only other conclusion one is driven to is that it is excessive depreciation and repairs? A. Yes.

20 Q. There is no other place it can go to?
A. Yes, that is the conclusion.

Q. So that if my friend suggests this and the other thing, I am only suggesting where else we can go for a legitimate conclusion, and if that figure is not correct I invite my friend to give us an appraisal of their present value of the buildings or any other information that will give us any sounder basis to work on and if they repudiate the insurance appraisal as being the correct value to let us know about it because we want to get the accurate story if we can.

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THE COMMISSIONER: Q. Did the questionnaire have a question addressed as to the value of the buildings and plant?

A. Well, not the present value beyond the value carried on the books, in the balance sheet, and we also had a statement in which the Company was asked to return full information in regard to any additions to buildings, machinery, from 1921 and show the distinction between those charged to assets and those charged to operations.

MR. McRUER: Q. Now, in respect to the other item that my friend examined you so long on, and that is \$1,121,869, on page 4, my lord, deducted from the book values in respect of those mills that were sold. You deduct the loss on the mills when they are disposed of?

A. Yes.

Q. That is the difference between the price realised and the price that they were-carried in their books?

A. Yes.

Q. They continued to carry them in the books at the price that they acquired them at?

A. No.

Q. Less?

A. Less the realization price.

Q. So that they carried in the books as an asset something that was a loss?

A. Something that was not there at all.

Q. And you took the figure that was the difference between the price they realised and the price that they were entered in the books at?

A. Yes.

Q. That is what you call "Inflated" -- there was

a vacuum there so far as assets were concerned in respect of that? A. Yes.

Q. They are still carrying on the books the full depreciation as if they had not made any loss? A. Yes.

5 A. So that we cannot deduct depreciation from the amount of the loss and leave it on the books as depreciation, which they have done. So that if you add it one place you would have to deduct it another. I think that is all, Mr. Howson.

10 In respect to the rest of the Cotton companies, my lord. The statements are here. There is the Cosmos Imperial Mills, and the Hamilton Cotton Company.

15 The Cosmos Imperial appear on page 6 and the Hamilton Cotton Company are dealt with on page 16, and we will in due course deal with them in an argumentative way. I think it is quite clear the basis on which Mr. Howson has dealt with them.

20 THE COMMISSIONER: It is possible Mr. Kellock would like to question Mr. Howson on them.

MR. McRUER: Yes, if Mr. Kellock has anything to ask Mr. Howson about them I have nothing.

25 MR. KELLOCK: The reports on those companies are already filed.

MR. McRUER: Yes, we must file the Questionnaire.

MR. KELLOCK: I notice the questionnaire of the Belding-Corticelli was not filed as you went over that.

30 SECRETARY WHITELEY: Yes, Exhibit 908.

MR. KELLOCK: But the questionnaires of the companies in the silk group other than the ones which

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... they are still carrying on the books the full
... as if they had not made any loss at all.
... so that we cannot get any depreciation from the
... amount of the loss and leave it on the books as
... depreciation, which they have done. ... that it is
... and if you please you would have to deduct it another.
... I think that is all, Mr. Watson.
... in respect to the rest of the Cotton company, in
... items. The expenses are here. ... there is the Cotton
... Imperial Mills, and the Hamilton Cotton Company.
... the Cotton Imperial spent on page 8 and the Hamilton
... Cotton Company are dealt with on page 10, and we will
... in the course deal with that in an argumentative way.
... I think it is quite clear the basis on which Mr. Watson
... the basis was laid.
... the basis was laid. It is possible that the basis was
... like to question Mr. Watson on them.
... Mr. Watson: Yes, if Mr. Kellock has anything to say
... Mr. Kellock: The reports on those companies are
... Mr. Watson: Yes, we must file the questionnaires
... Mr. Kellock: I notice the questionnaire of the
... Mr. Watson: Yes, we must file the questionnaires
... Mr. Kellock: Yes, we must file the questionnaires

my friend and I dealt with have not been filed.

THE COMMISSIONER: Well, we will take them up one by one and file them. This will give Mr. Kellock as each one is filed an opportunity to question Mr. Howson.

MR. McRUER: We will complete the cotton group. There is Cosmos Imperial.

THE WITNESS: Cosmos Imperial Mills, Limited, and J. Spencer Turner Company, Limited, They are sales subsidiaries,

EXHIBIT 975: Answers to Questionnaire Cosmos Imperial Mills.

THE COMMISSIONER: Q. Now, along with that there is a subsidiary company? A. The J. Spencer Turner Company, Limited.

EXHIBIT 976: Answers to Questionnaire of J. Spencer Turner Co. Limited.

THE COMMISSIONER: Mr. Kellock, do you want to examine?

MR. KELLOCK: Not to-night. I doubt if I will have to but I would like to reserve it.

THE COMMISSIONER: All right.

MR. McRUER: Q. The Hamilton Cotton Company, Ltd.? A. The Hamilton Cotton Company Limited and Trent Cotton Company Limited.

EXHIBIT 977: Answers to Questionnaire of the Hamilton Cotton Company Limited.

MR. McRUER: The Financial Statement of the Hamilton Cotton Company Limited from the 31st of Dec. 1928 to the 31st of December 1935, both inclusive.

NO. 34013

1933

Answers to Questions of General Interest

MR. BELLORE: Not to-night. I doubt if I will.

Flight IIA : 22-01261M400 FLT

4. The Hamilton Cotton Company Limited and Trent

•Безплатно запитайте нас

HEWLETT PACKARD COMPANY
HEWLETT PACKARD COMPANY

EXHIBIT 978: Financial Statement of Hamilton Cotton Co. Limited, from 1928 to 1935, inclusive.

THE COMMISSIONER: Q. Now then? A. The Trent Cotton Company, Limited.

5 EXHIBIT 979: Answers to Questionnaire, Trent Cotton Company Limited.

THE COMMISSIONER: Q. Is that a subsidiary? A. Yes.

MR. McRUER: The Annual Statements of the Trent Cotton Company, Limited from the 31st of December, 1929
10 to the 31st December, 1935, both inclusive.

EXHIBIT 980: Annual statement of Trent Cotton Company, from 1929 to 1935 inclusive.

MR. McRUER: Q. That is all in reference to Exhibit 917? A. Yes.

15 MR. McRUER: We have now completed the Exhibit.

MR. KELLOCK: No, there are others in the group-
g Good Year and Empire Cotton.

THE WITNESS: 917, Mr. Kellock, when we deal with
20 the individual companies and we have not yet filed the summary statements which includes them all.

MR. McRUER: Then I want to complete this, Mr. Kellock suggests, the statements that have been put
25 in in regard to the Silk Industry. This is in reference now to the companies dealt with in Exhibit 916.

Q. There is the Acton Vale Silk Mills Limited?

A. That is just the Financial Statement.

30 THE COMMISSIONER: There seems to be no questionnaire in connection with that? A. No, no

questionnaire. Some of the smaller companies only asked to send in their financial statement.

EXHIBIT 981: Financial Statement of the
Acton Vale Silk Mills Ltd.
for the years 1933, 34 and 35.

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MR. McRUER: The answers to the questionnaire of the Albert Godde Bedin Limited.

EXHIBIT 982: Answers to the questionnaire of the Albert Godde Bedin Limited.

10

MR. McRUER: Financial statement for the same Company from 1928 to 1935 inclusive.

EXHIBIT 983: Financial Statements of the Albert Godde Bedin Limited from 1928 to 1935.

15

MR. McRUER: The answers to the Questionnaire of the British American Silk Mills Limited.

EXHIBIT 984: Answers to Questionnaire of British American Silk Mills Limited.

MR. McRUER: Financial Statement of British American Silk Mills Limited from 1927 to 1936 inclusive.

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EXHIBIT 985: Financial Statement of British American Silk Mills Ltd. from 1927 to 1936 inclusive.

MR. McRUER: Financial Statement of Canadian Silk Mills, Registered.

25

EXHIBIT 986: Financial Statement of Canadian Silk Mills, Registered.

EXHIBIT 987: Answers to Questionnaire Canadian Silk Mills, Registered.

MR. McRUER: Answers to Questionnaire from the B. Edmond David Silk Mills of Canada Limited.

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EXHIBIT 988: Answers to Questionnaire from the B. Edmond David Silk Mills of Canada Limited.

Some of the smaller companies only
asked to send in their financial statements.

EXHIBIT 981: Financial statement of the
Albert Godde Bedin Limited
for the years 1937, 38 and 39

Mr. McNamee: The answers to the questionnaires of
the Albert Godde Bedin Limited.

EXHIBIT 982: Answers to the questionnaires
of the Albert Godde Bedin Limited.

Mr. McNamee: Financial statement for the same
company from 1938 to 1939 inclusive.

EXHIBIT 983: Financial statements of the Albert
Godde Bedin Limited from 1938 to
1939.

Mr. McNamee: The answers to the questionnaires
of the British American Milk Mills Limited.

EXHIBIT 984: Answers to questionnaires of British
American Milk Mills Limited.

Mr. McNamee: Financial statement of British
American Milk Mills Limited from 1937 to 1938 inclusive.

EXHIBIT 985: Financial statement of British
American Milk Mills Ltd. from 1937
to 1938 inclusive.

Mr. McNamee: Financial statement of British
Milk Mills, Registered.

EXHIBIT 986: Financial statement of Canadian
Milk Mills, Registered.

EXHIBIT 987: Answers to questionnaires Canadian
Milk Mills, Registered.

Mr. McNamee: Answers to questionnaires from the
Canadian Milk Mills, Registered.

EXHIBIT 988: Answers to questionnaires from the
Canadian Milk Mills, Registered.

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MR. McRUER: The answers to the Questionnaire of the Dominion Silk Mills Limited.

EXHIBIT 989: Answers to Questionnaire of the Dominion Silk Mills Limited.

5 MR. McRUER: Answers to the Questionnaire of Riverside Silk Mills Limited.

EXHIBIT 990: Answers of Questionnaire of the Riverside Silk Mills Limited.

10 MR. McRUER: Then the Annual statement for Riverside Silk Mills Limited, from 1924 to 1935 inclusive.

EXHIBIT 991: Annual Statement of Riverside Silk Mills Limited from 1924 to 1935 inclusive.

15 MR. McRUER: The annual statement of Louis Roessel & Company Limited, from 1931 to 1935 inclusive.

EXHIBIT 992: Annual Statement of Louis Roessel & Company, Limited, from 1931 to 1935, inclusive.

MR. McRUER: There is answers to Questionnaire from Slingsby Silks Limited.

20 EXHIBIT 993: Answers to Questionnaire Slingsby Silks Limited.

THE COMMISSIONER: What will we begin with tomorrow morning?

25 MR. McRUER: To-morrow morning I am going to deal with some questions I expect in reference to the Canadian Cottons Inventory Reserve, and after I have disposed of that proceed with Mr. Howson's statement. There is a general statement in regard to the Cotton Industry and then proceed with the ones in
30 regard to woollens.

-- The Commission adjourned at 5 P.M. to resume at 10.30 Friday, November 20th, 1936.

of the Dominion Silk Mills Limited.

Answers to questions of the Dominion Silk Mills Limited.

MR. MORRIS: answers to the questions of

Answers of questions of the Riverside Silk Mills Limited.

MR. MORRIS: Then the annual statement for River-

side Silk Mills Limited, from 1934 to 1938 inclusive.

Annual statement of Riverside Silk Mills Limited from 1934 to 1938 inclusive.

MR. MORRIS: The annual statement of Louis Hoessel

& Company Limited, from 1931 to 1935 inclusive.

Annual statement of Louis Hoessel & Company, Limited, from 1931 to 1935 inclusive.

MR. MORRIS: There is answers to questions

from Shingary Silk Limited.

Answers to questions of Shingary Silk Limited.

THE COMMISSIONER: What will we begin with tomorrow?

tomorrow?

MR. MORRIS: To-morrow morning I am going to deal

with some questions I expect in reference to the

Canadian Cottons Inventory Reserve, and after I have

disposed of that proceed with Mr. Howson's statement.

There is a further statement in regard to the

and the following are also included in the statement.

There is woolfibre. The Commission adjourned at 2 P.M. to resume

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON^r MR. JUSTICE W.F.A. TURGEON,

Commissioner,

5

A.S. Whiteley, Secretary,

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N I N E T Y - F I F T H D A Y

(November 20, 1936)

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Robert Brydie,
Official Reporter.

THE CANADIAN PACIFIC RAILWAY COMPANY

REPORT ON THE ACCOUNTS FOR THE YEAR ENDING 1960

REPORTED BY

ROBT. BRYDIE

SIXTY-NINTH YEAR

(November 30, 1960)

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner.

5

A.S. WHITELEY, Secretary.

A p p e a r a n c e s :

10

J.C. McRuer, K.C.)
and Commission Counsel,
E. Beauregard, K.C.)

J.P. Lanctot, K.C.) For Special Committee
and) on Primary Textile
R.L. Kellock, K.C.) Industries.

15

C.G. Heward, K.C.)
Aime Geoffrion, K.C.) For Dominion Textile
and Company.
C.T. Ballantyne,)

S.G. Dixon, K.C. For Courtaulds Limited.

L.A. Forsyth, K.C. For Canadian Celanese
Limited, and Canadian
Silk Products Limited.

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ANNUAL REPORT OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS OF THE COMPANY

RESOLVED THAT

AND

THE BOARD OF DIRECTORS OF THE COMPANY

AND

RESOLUTIONS

Commissioners General

1. That the Board of Directors of the Company

and

2. That the Board of Directors of the Company

For Special Committee
on Primary Textile
Industries

3. That the Board of Directors of the Company

and

4. That the Board of Directors of the Company

For Dominion Textile
Company

5. That the Board of Directors of the Company

and

6. That the Board of Directors of the Company

For Dominion Textile
Company

7. That the Board of Directors of the Company

For Dominion Textile
Company, and Dominion
Textile Products Limited

8. That the Board of Directors of the Company

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Ottawa, Ontario,
November 20th, 1936.

-- The Commission resumed at 10.30 A.M.

5 C.B. BROWN, (Recalled)

THE COMMISSIONER: Now, Mr. Kellock,

MR. KELLOCK: My lord, I have not been acting on
this matter in connection with this subject matter.

THE COMMISSIONER: I mean last night.

10

MR. KELLOCK: On those exhibits that were filed
last night I had no cross-examination.

MR. McRUER: What about this Company in regard to
this inventory matter?

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MR. KELLOCK: I have not been acting for this
Company.

MR. McRUER: They were notified we were going to
proceed with this matter in regard to the inventory this
morning.

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MR. BROWN: That is, Canadian Cottons?

MR. McRUER: Yes.

MR. BROWN: I did not know that.

25

MR. McRUER: More than that I was going to proceed
with the matter this morning.

THE COMMISSIONER: Whom did you notify?

MR. McRUER: I notified Mr. Kellock.

MR. KELLOCK: And Mr. Berry and the word was passed
on, so Mr. Berry tells me.

30

MR. McRUER: I am producing evidence this morning

Office, Ontario,
November 20th, 1914.

-- The Commission resumed at 10.30 A.M.

(Recalled)

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matter.

MR. KILLOCK: That is, I was notified

MR. KILLOCK: Yes.

MR. KILLOCK: I did not know that.

MR. KILLOCK: More than that I was going to proceed

with the matter this morning.

MR. KILLOCK: I notified Mr. Killock.

MR. KILLOCK: I notified Mr. Killock and Mr. Berry and the

MR. KILLOCK: I am producing evidence this morning

THE COMMISSIONER: Are you in a position to make any application for these people?

MR. KELLOCK: Well, my lord, I have not been acting for the Company except for this specific matter and it is quite true, as Mr. McRuer says, he did ask me and Mr. Berry to notify the Company to have Mr. Brown here to-day to produce correspondence relating to this Inventory Reserve.

THE COMMISSIONER: Is that how you come to be here?

MR. BROWN: Yes.

THE COMMISSIONER: We will have to take it for granted that they are willing to let the thing go on.

MR. McRUER: I am calling Mr. Elliott, Commissioner of Income Tax, this morning and if they want to cross-examine him he will be available later on.

THE COMMISSIONER: Yes, if there is a later on.

MR. KELLOCK: I say this, my lord, that I did not understand -- I cannot speak for Mr. Berry - that my friend was calling any witnesses of his own on this subject matter. I understood it was only Mr. Brown who was called to produce certain correspondence.

MR. McRUER: I did not say that. I said I was going to proceed to deal with the matter of the Inventory Reserve of the Canadian Cottons this morning and I announced it last night and I said I wanted the correspondence here. I did not ask for any particular witness or anybody for to come.

MR. KELLOCK: I was not given to understand that any other witness would be called than Mr. Brown and

THE COMMISSIONER: Are you in a position to make

any application for these people?

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me and Mr. Berry to notify the Company to have Mr. Brown

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THE COMMISSIONER: We will have to take it for

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understand -- I cannot speak for Mr. Berry -- that my

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who was called to produce certain correspondence.

MR. McKenna: I did not say that. I said I was

going to proceed to deal with the matter of the Inventory

announced it last night and I said I wanted the

MR. KILLICK: I was not given to understand that

therefore I had no idea of it.

THE COMMISSIONER: Is there anything else you could occupy the day with without losing time?

MR. McRUER: Yes.

5 THE COMMISSIONER: In that case you might put it over until tomorrow.

MR. KELLOCK: Very well. Mr. Brown will see that the Company is notified.

10 MR. McRUER: I will take your correspondence now in case you do not want to come back.

MR. BROWN: If you don't want me ---

MR. McRUER: I am not concerned with you.

MR. KELLOCK: Yes, you asked for Mr. Brown.

15 MR. McRUER: We will take the correspondence.

THE COMMISSIONER: That is quite understood, Mr. Kellock - I am speaking to this witness as well - that this matter proceeds ~~near~~ tomorrow morning and the first thing in the morning.

20 MR. KELLOCK: Yes, I will see that Company has the word.

MR. McRUER: I tell my friend now frankly that I propose to call evidence to show that what has been put
25 before the Commission in regard to this matter insofar as the company's relations with the Income Tax Department is not correct, so that there is no mistake what evidence I am calling and why I am calling it.

30 MR. KELLOCK: I am learning that for the first time now.

MR. McRUER: I thought it was understood and if it

I had no idea of it.

Q. Now, is there anything else you could occupy the day with without losing time?

A. Yes, I would like to see you in that case you might put it off till tomorrow.

Q. Now, the Company is notified.

A. Yes, I will call your attention to the fact in case you do not want to come back.

Q. Now, if you don't want me ---
A. No, I am not concerned with you.

Q. Now, you will take the correspondence.

A. Yes, that is quite understood, Mr. Yellack. I am speaking to this witness as well - this matter proceeds was tomorrow morning and the first thing in the morning.

Q. Now, Yes, I will see that Company has

A. Yes, I tell my friend now frankly that I propose to call evidence to show that what has been put before the Commission in regard to this matter in fact as the company's relations with the Income Tax Department is not correct, so that there is no mistake that evidence I am calling and why I am calling it.

Q. Now, I am assuming that for the first time

was misunderstood ---

MR. KELLOCK: I did not understand it.

MR. McRUER: All I said - I was going to deal with the subject of the inventory this morning and you misunderstood. I will take your correspondence and what you have, Mr. Brown. So personally I do not see much necessity for you coming back.

C.B. BROWN, (Recalled)

THE WITNESS: There is other correspondence I deposited last week.

MR. McRUER: I do not think so.

SECRETARY WHITELEY: Yes, there is a file.

MR. McRUER: Q. Now, have you got all your tax returns here? A. No.

Q. That is what I asked you for the last time?

A. I had them here the last time.

Q. You asked to take them away so that you might photostat them and for your own purpose? A. I have the ones you wanted, I have this done, that is Business Profits. I left them with the Commission, I did not take them with me. I got them two days afterwards.

Q. I have to get my records complete and I want to make it from your files? A. I understood this was all you wanted, certificate on the front of these Business Profits.

Q. The trouble is I asked for them all in Montreal and I asked for them again here and you said you had

THE WITNESS: There is other correspondence I

much necessary for you coming back. That you have, Mr. Brown. So personally I do not see the subject of the inventory this morning and you misunderstand. I will take your correspondence and

THE WITNESS: There is other correspondence I

THE WITNESS: There is other correspondence I

MR. MORRIS: I do not think so.

SECRETARY: Yes, there is a file.

MR. MORRIS: Now, have you got all your tax

returns here?

Q. That is what I asked you for the last time?

A. I had them here the last time.

Q. You asked to take them away so that you might

the ones you wanted, I have this gone, that is Business

Profits. I left them with the Commission, I did not

take them with me. I got them two days afterwards.

Q. I have to see my business profits and I want

A. I understood it from your files?

this was all you wanted, certificate on the front of

these Business Profits.

Q. The trouble is I asked for them all in Montreal

and I asked for them again here and you said you had

13031

Brown,

them here and you said you wanted to work ---

A. I left them with this Commission.

Q. Not with this Commission?

A. Yes, I did not
take them back with me.

5 . Produce everything you have now and I will take
everything you have not got tomorrow, and we will get
it all. Let us make the file of letters complete,
we do not want to put them in separately? A. Here
they are.

10 . Well now, you have produced five letters. These
are copies of letters that have been made by you from the
letters on the files of the Canadian Cottons Limited.

A. Correct.

15 Q. And they are correct copies?

A. Yes.

EXHIBIT 994: Copies of five letters re Canadian
Cottons Limited, re Business Profits
Tax.

20 MR. McRUER: Q. Now, the first is a letter from
one J. Miller to Peter McCaffrey? A. Yes.

THE COMMISSIONER: Make them all one Exhibit?

25 MR. McRUER: Yes. Copy of letter from J. Miller to
Peter McCaffrey, income tax inspector, Montreal, dated
14th December, 1921. The next is a copy of letter
signed "Secretary"? A. By Bruce.

Q. Bruce - that means the Secretary of the Canadian
Cottons Limited? A. Yes.

30 Q. Bruce to John Miller dated 27th December, 1921.

THE COMMISSIONER: Who is John Miller?

MR. McRUER: Of Miller, Muir & Ward.

Brown,

18081

A. I left them with this Commission.

case them back with me.

. Proceed everything you have now and I will take

everything you have not got tomorrow, and we will get

it all. Let us make the file of letters complete,

we do not want to get them in separately? A. Here

they are.

. Well now, you have produced five letters. These

are copies of letters that have been made by you from

letters on the file of the Canadian Cottons Limited.

A. Correct.

. And they are correct copies? A. Yes.

EXHIBIT 981 Copy of the letter to the
Canadian Cottons Limited, re. 18081.

MR. MILLER: A. Now, the first is a letter from

one J. Miller to Peter McCaffrey? A. Yes.

THE COMMISSIONER: Make them all one Exhibit?

MR. MILLER: Yes. Copy of letter from J. Miller to

Peter McCaffrey, dated the 1st of January, 1901.

18081, 18082, 18083. The last is a copy of letter

signed "Secretary"? A. By Bruce.

. That is that name the Secretary of the Commission

A. Yes.

. That is the letter signed by Bruce, 18081.

THE COMMISSIONER: Who is John Miller?

MR. MILLER: Of Miller, Kirk & Ward.

THE WITNESS: They were Income Tax Experts.

MR. McRUER: Q. Employed by Canadian Cottons?

A. Yes.

Q. Not employed by the Government? A. They

specialize in income tax work.

Q. They were agents of Canadian Cottons? A. Yes,
as far as I know. I was not there at the time. That
is my impression.

Q. It is more than an impression? A. Well, it
is my information.

Q. The next is a copy of a letter from the Secretary
of Canadian Cottons, Bruce, to John Miller, dated March
6th, 1922. The next is a copy of letter from John
Miller to Bruce dated 28th of July, 1922. There is
one before that should go in - letter from John Miller
to Bruce dated 7th March, 1922. Now, with the exception
of the one dated the 14th December, 1921, none of these
letters appear to be addressed to anyone in the employ
of the Canadian Government? A. Not in that batch.

Q. Have you any other batch? A. Except the
copies - I left letters here the last time I was on the
stand.

SECRETARY WHITELEY: Exhibit 895.

MR. McRUER: What is 895?

SECRETARY WHITELEY: I think they are the recent
letters.

MR. McRUER: Well, let us have them.

(Exhibit 895 produced).

Q. They were income tax experts.

A. Mr. McRae: Employed by Canadian Cottons

Yes.

Q. Not employed by the Government?

Specialize in income tax work.

Q. As far as I know, I was not there at the time.

is my impression.

Q. It is more than an impression?

is my information.

Q. The next is a copy of a letter from the

Q. The next is a copy of letter from John

Miller to Bruce dated 28th of July, 1932. There is

one before that should go in - letter from John Miller

to Bruce dated 7th March, 1932. Now, with the ex

of the one dated the 14th December, 1931, none of the

letters appear to be addressed to anyone in the

of the Canadian Government?

Q. Have you any other letters?

Q. I have a letter dated the 1st of

MR. McRae: What is 8232

Q. Now, the file I show you, Exhibit 895, completes the correspondence that you have been able to find on the files of Canadian Cottons Limited with reference to the matter of the Income Tax, the Inventory or the Business profits Tax?

5 A. So far as I could find out.

Q. So that with the ones we have filed this morning we have got your complete file of correspondence?

A. Yes, to the best of my knowledge.

10 Q. Yes, the best you have been able to find. I will file your photostats now. The next Exhibit is a photostat of the certified content in Form J, of the Business Profits War Tax Act, dated the 9th of July, 1919 dealing with the affairs of the Company from the 31st of March, 15 1917 to the 31st of March, 1918.

EXHIBIT 995: Photostat copies of form J, re Business Profits War Tax Act, 1916, by Canadian Cottons.

MR. McRUER: Then the next is the certificate in regard Inventory under the Business Profits War Tax Act dated ---

THE COMMISSIONER: Is it a similar certificate?

MR. McRUER: Yes, my lord. For the period from the 1st of April, 1918 to the 31st of March, 1919.

25 EXHIBIT 996: Photostat copy of Form J, Certificate of Inventory, Filed Under the Business Profits War Tax Act, by Canadian Cottons.

Q. Now, you have also produced a statement of Income Tax paid by Canadian Cottons Limited.

30

THE COMMISSIONER: Is that new?

Q. Now, the file I show you, Exhibit 888, completed the correspondence that you have been able to find in files of Canadian Cottons Limited with reference to the matter of the income tax, the inventory on the balance sheet, is that correct?

A. Yes, to the best of my knowledge.

Q. Yes, the best you have been able to find, I think, is your photograph now. The next exhibit is a photograph of the certified statement in Form 4, of the balance sheet for the year ended the 31st of 1919, 1919-20, after the effect of the carrying over the loss of 1918.

Q. That is the same as the one you showed me, is it not?

A. Yes, that is the next in the certificate in regard inventory under the business profits and tax and

Q. Now, the next is the list of assets, 1918-19, is that correct?

A. Yes, that is the list of assets, 1918-19, is that correct?

Q. Now, the next is the list of liabilities, 1918-19, is that correct?

MR. McRUER: Yes. Statement of Income Tax paid by Canadian Cottons Limited from 1917 to 1936.

The Income Tax Act was in effect in 1917, Mr. Elliott.

MR. ELLIOTT: That is correct.

5 MR. McRUER: There was an overlapping. What I want is your side of everything. There have been certain statements made in the witness box as to what was disclosed to the Government and reference was made to correspondence and to documents that were on the
10 files of the Company. Now, I want to get all those so that we are under no misapprehension as to what was referred to. So that if you ask whoever comes to-morrow to bring those with him, then I will let you
15 go now.

THE COMMISSIONER: Whose evidence do you refer to?

MR. McRUER: I refer to both Mr. Brown and Dr. Dawson. I will refer specifically to certain passages
20 in the morning. There is one other thing I asked for and that was certificate that was referred to in the Auditor's Report to the Shareholders. The Auditors Report to the Shareholders, not inventory certified by the management, and it was the certificate of the
25 management since 1916 that I wanted to get. What they said to the auditor.

THE COMMISSIONER: Each year?

MR. McRUER: Yes, my lord.

30 THE COMMISSIONER: Have you one of those Annual Statements here, Mr. Whiteley? The printed Financial

MR. BRIDGE: Yes, statement of income tax paid
by Canadian Customs limited from 1917 to 1936.

MR. BRIDGE: That is correct.

What is your side of everything. There have been

certain statements made in the witness box as to what
was disclosed to the Government and reference was made
to correspondence and to documents that were on the
files of the company. Now, I want to get all those

so that we are under no misapprehension as to what was
referred to. So that if you ask whoever comes to-
morrow to bring those with him, when I will let you
go now.

THE COMMISSIONER: Whose evidence do you refer to?
MR. BRIDGE: I refer to both Mr. Brown and Dr.

Johnson. I will refer specifically to certain passages
in the morning. There is one other thing I asked for
and that was certificate that was referred to in the
Auditor's report to the shareholders. The Auditor's
report to the shareholders, not inventory certified
by the management, and it was the certificate of the
management since 1916 that I wanted to get. That book

said to the auditor.
THE COMMISSIONER: How many years?

MR. BRIDGE: That is all.

Statement?

SECRETARY WHITELEY gets Financial Statement,
Exhibit 340.

5 MR. McRUER: Q. I want no misunderstanding, I will
just read to you what I refer to. Exhibit No. 340,
the Annual Report for 1936 contains the following
certified, signed by the Auditor:

10 "I have obtained all the information and
explanations required, and, in my opinion, the
attached statements and balance sheet, based
upon the certified inventories presented,
are properly drawn up so as to exhibit a true
and correct view of the year's operations and
15 of the state of the Company's affairs at its
close, according to the best of my information
and the explanations given to me and as shown
by the books of the Company."

20 "based upon the certified inventories presented," -
it is the certified inventories presented.

25 THE COMMISSIONER: That is, as it struck me the
other day, the auditors did not go back behind these
certificates, Mr. McRuer, took them as presented.
The question is - who presented them.

MR. McRUER: Now, I do not know how far back
those certificates go. I notice, for instance, in
1919 the Auditors' certificate reads as follows:

30 "I have examined the Books and Accounts of
Canadian Cottons, Limited, for the year ending

1957-58

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the 31st of March 1919.

I have obtained all the information and explanations required, and now certify that in my opinion the foregoing statements and balance sheet are properly drawn up so as to exhibit a true and correct view of the year's operations and of the state of the Company's affairs at its close, according to the best of my information and the explanations given to me and as then shown by the books of the Company."

That is a little different. There appears to have been no certificate of inventory.

THE COMMISSIONER: Here is one I happened to notice the other day, the year ending 30th March, 1922, the Auditor says:

"The statements signed by me, showing the Company's operations for the year and the results, based upon the certified inventory and the Company's financial position on the 30th March, all as prepared from the books, have been examined by me and found to be correct."

MR. McRUER: That reads exactly the same as 1936.

THE COMMISSIONER: About the same - "based upon the certified inventory and the Company's financial position on the 30th of March."

MR. McRUER: In 1916 the language is somewhat similar:

the 31st of March 1912.

I have obtained all the information and

explanations required, and now certify

that in my opinion the foregoing statements

and balance sheet are properly drawn up so as

to exhibit a true and correct view of the

year's operations and of the state of the Company

at the close, according to the best of

my information and the explanations given to me

as then shown by the books of the Company."

That is a little different.

There has been no certificate of inventory.

THE COMMISSIONER: Here is one I happened to notice

the other day, the year ending 30th March, 1912, the

statement says:

"The statements signed by me, showing

the Company's operations for the year and the

results, based upon the certified inventory and

the Company's financial position on the 30th

March, all as prepared from the books, have

been examined by me and found to be correct."

MR. MORTON: That reads exactly the same as 1911.

THE COMMISSIONER: About the same - "based upon

the certified inventory and the Company's financial

position on the 30th of March."

MR. MORTON: Is this the inventory for 1911?

Statement

"I certify that: I. The manufacturing Account, based in results upon the certified inventory presented to me, after charges for the maintenance of the property, and after appropriations for depreciation."

Now, 1916 should be a certificate of the Inventory. 1917 reads in the same way and 1918 there is no reference to a certificate of inventory or 1919.

THE COMMISSIONER: I think you have made it clear what you require of Mr. Brown.

MR. McRUER: All right, Mr. Brown.

THE COMMISSIONER: Well, this affair stands until tomorrow morning at half past ten.

MR. McRUER: I will proceed, my lord, to finish the evidence in respect to the Cotton Section.

ERNEST J. HOWSON, (Recalled)

EXAMINED BY MR. McRUER:

Q. Then you have made a Summary covering certain companies reporting in the Primary and Industrial Cottons Division? A. Yes, sir.

THE COMMISSIONER: What is the number of that Exhibit?

MR. McRUER: We have not filed it, my lord.

THE COMMISSIONER: You have one about that same division.

MR. McRUER: That is Exhibit 917.

Q. The same Companies that are contained in Exhibit 917 are altogether referred to in this one?

"I certify that: 1. The manufacturing

account, based in fact upon the certified

inventory presented to me, after charges

for the maintenance of the property, and after

appropriations for depreciation."

Now, 1918 should be a certificate of the inventory.

1917 reads in the same way and 1918 there is no reference

to a certificate of inventory or 1918.

What you require of Mr. Brown.

What you require of Mr. Brown.

What you require of Mr. Brown.

What you require of Mr. Brown.

What you require of Mr. Brown.

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What you require of Mr. Brown.

What you require of Mr. Brown.

What you require of Mr. Brown.

What you require of Mr. Brown.

What you require of Mr. Brown.

A. Yes, altogether referred to in this one with individual companies but they are not treated individually.

Q. Before I file this as an Exhibit you might give me the names of the companies that are referred to?

A. The Canadian Cottons Limited. Cornwall & York Cotton Mills Limited. Cosmos Imperial Mills, Limited. Dominion Fabrics, Limited. Dominion Textile Company, Limited. Drummondville Cotton Company Limited. Good Year Cotton Company Limited. Hamilton Cotton Company Limited. Montreal Cottons, Limited. Sherbrooke Cotton Company, Limited. Sabasso Cotton Company, Limited.

Q. Yes, these companies have all reported to you in response to your questionnaire? A. Yes, sir.

Q. And the statement you have drawn up is based on information given to you in the questionnaire?

A. Yes, or ---

Q. Or subsequently obtained from the Companies?

A. Yes.

Q. It all comes from the Companies? A. Yes, sir.

MR. McRUER: Now this, then, my lord, will be filed as an exhibit.

EXHIBIT 998: Financial Summary of the Primary and Industrial Cottons Division.

MR. KELLOCK: May we have one of those questionnaires?

MR. McRUER: Yes. It contains a Comparative Balance Sheet covering the years 1926 to 1935 inclusive.

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Profit and Loss and Surplus Summary. Sales Summary.

Gross Profits before Depreciation. Net Profit on

Sales. Net Profit on the interest on Loans, but
before Miscellaneous Income or Bond Interest.

5 Operating Ratios. Capital Employed and Results
from Operations. Summary of Operations.

Now, we have filed the answers to the Questionnaire
covering most of these companies, but there are some
that we have not got. The Dominion Fabrics we
10 have not got that.

THE WITNESS: Did you not file that last night?

MR. McRUER: No, I think not. Then the next
Exhibit will be the answers to the Questionnaire
15 referring to the affairs of the Dominion Fabrics,
Limited.

EXHIBIT 999: Answers to Questionnaire
Dominion Fabrics Limited.

20

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Profit and Loss and Balance Sheet. Sales Summary. Gross Profit before Depreciation. Net Profit on Sales. Net Profit on the interest on Loans, but before miscellaneous income or loss interest.

Operating Income. Capital Employed and Results from Operations. Summary of Operations.

Now, we have filed the answers to the questionnaires covering most of these companies, but there are some that we have not got. The Dominion Textiles we have not got that.

THE WITNESS: Did you not file that last night? MR. McLENNAN: No, I think not. Then the next

Exhibit will be the answers to the questionnaires referring to the affairs of the Dominion Textiles, Limited.

Answers to Questionnaire Dominion Textiles Limited.

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MR. McRUER: And the answers to the questionnaire by the Dominion Yarns Limited, a subsidiary of Dominion Fabrics, will put us around the corner of one thousand.

5 THE COMMISSIONER: What is it, Dominion Yards ?

MR. McRUER: Dominion Yarns.

THE COMMISSIONER: That is a subsidiary of Dominion Fabrics ?

MR. McRUER: Yes, my lord.

10 MR. KELLOCK: Is that 999 ?

THE COMMISSIONER: That is 1,000.

EXHIBIT No. 1000: Answers to questionnaire by Dominion Yarns Limited.

15 MR. McRUER: The next exhibit will be the financial statements of Dominion Fabrics Limited together with the financial statements of a predecessor company called the Dominion Hammock Manufacturing Company Limited. They appear to commence in 1909 down to 1935.

20 THE COMMISSIONER: That is 1001.

EXHIBIT No. 1001: Financial statements of Dominion Fabrics Limited and predecessor company Dominion Hammock Manufacturing Company Limited.

MR. McRUER: Goodyear is in ?

25 SECRETARY WHITELEY: No.

MR. McRUER: The Drummondville Cotton Company ?

A. That went in with the Dominion Textile.

30 Q. Oh yes, Goodyear Cotton Company, we have not got that. The next exhibit will be the answers to the questionnaire in reference to the affairs of the Goodyear Cotton Company of Canada, Limited.

... by the Dominion Yarns Limited, a subsidiary of
... will put us around the corner of one

5

THE QUESTION: What is it, Dominion Yarns?

MR. MORRIS: Dominion Yarns.

THE QUESTION: That is a subsidiary of semi-

MR. MORRIS: Yes, my lord.

MR. MORRIS: Is that so?

10

THE QUESTION: That is 1,000.

... answers to questions
by Dominion Yarns Limited.

The next exhibit will be the financial

statements of Dominion Yarns Limited together

15

with the financial statements of a predecessor com-

pany called the Dominion Hosiery Manufacturing Com-

pany Limited. They appear to commence in 1909 down

to 1910.

THE QUESTION: That is 1901.

20

... 1901: Financial statements of
Dominion Hosiery Limited
and predecessor company
Dominion Hosiery Manu-
facturing Company Limited.

MR. MORRIS: Goodyear is in?

SECRETARY: No.

25

MR. MORRIS: The Brunswickville Cotton Company?

... that went in with the Dominion Textile.

... Ch yes, Goodyear Cotton Company, we have not

... exhibit will be the answers to

30

... in reference to the exhibits of the

... of the

EXHIBIT No. 1002: Answers to questionnaire
by Goodyear Cotton Company
of Canada, Limited.

MR. Mc RUER: Then, we have before the Commission
the answers to the questionnaire referring to all the
companies that are dealt with in Exhibit 998 ?

A. Yes.

THE COMMISSIONER: That is including the ques-
tionnaires already put in.

MR. McRUER: Yes, my lord.

MR. KELLOCK: Was the Drummondville Cotton Company
put in ?

MR. McRUER: Yes, it went in with the Dominion
Textile , as a subsidiary of the Dominion Textile.
Then, I have no further questions to ask Mr. Howson
in regard to Exhibit 998.

MR. KELLOCK: I have just got one or two.
On page 2 of this last exhibit, rather, Exhibit 998,
Mr. Howson, you show at the foot of the page --

THE COMMISSIONER: Pardon me just a moment,
please. My copy is not numbered.

MR. KELLOCK: It is the page headed Profit and
Loss Summary and it is the second page from the front.

THE COMMISSIONER: Profit and Loss surplus Summary.

MR. KELLOCK: Yes, my lord. At the foot of the
page you show, Mr. Howson, the ratio of net profits
from operations to capital employed in the industry
as adjusted. Would you be good enough to show, to
prepare the ratio of final net profit -- I mean by
that after bond interest and after Income Tax -- to
the total capital employed? A. Just repeat that

so Mr. Kerr can get that.

Q. Would you be good enough to prepare the same figure, that is, prepare the ratio of final net profit after bond interest --

5 THE COMMISSIONER: Final net profit ?

MR. KELLOCK: Yes, my lord, after bond interest and Income Tax to the capital employed in the industry ?

A. Yes.

Q. And also the ratio of net profit from operations,
10 which is the figure you use in the last line of the page, deducting from that bond interest and Income Tax which, in other words, would be the final net profit to the total capital employed ? A. That is the total capital shown here ?

15 Q. Yes ? A. Yes.

Q. That is, it is the ratio of the final net profit in each case, but in the one case to the capital employed in the industry as you show and in the other case to the total capital. Then, Mr. Howson, could I
20 also ask you to prepare for the group the sales dollar, the division of the sales dollar on the same basis as we have prepared it for the Canadian Cotton Company and the Dominion Textile ? A. Yes, we will do that.

25 Q. I asked you some days ago if you would prepare for the group a statement of net profits, final net profits, wages paid and income taxes paid. Is that ready yet so that we could put it in now that we are
30 finishing up with this ? A. No, Mr. Davidson says it is not yet ready.

... and, I think, that is all.

.. Would you be good enough to prepare the same

.. If after bond interest --

.. Yes, my lord, after bond interest

.. and Income Tax to the effect of the industry

.. Yes.

.. And also the ratio of net profit from operations

.. which is the figure you use in the last line of the page

.. deducting from that bond interest and Income Tax which

.. in other words, would be the final net profit to the

.. That is the total

.. capital shown here ?

.. Yes ? A. Yes.

.. That is, it is the ratio of the final net pro-

.. fit in each case, but in the one case to the capital

.. employed in the industry as you show and in the other

.. to the total capital. Then, Mr. Henson, could I

.. have the same figure for the same period

.. the division of the sales dollar on the same basis as

.. have prepared it for the Canadian Cotton Company

.. and the Mountain Textile ? A. Yes, we will do

.. I asked you some days ago if you would prepare

.. a statement of net profit, final net

.. profit, sales profit and income taxes paid. Is that

.. what you mean that we could not do that in the

.. statement we have made ?

.. Yes, it is not possible

A. Well, we won't lose sight of that. Thank you.

THE COMMISSIONER: All right, Mr. McRuer.

MR. McRUER: Then, that completes the subject of cotton companies, my lord. I propose now to deal with the woollen companies.

THE COMMISSIONER: You are going on with Mr. Howson, though?

MR. McRUER: Yes, my lord. Now, the first statement I wish to introduce, Mr. Howson, is the financial summaries of certain individual companies in the woollen division?

A. Yes, sir.

THE COMMISSIONER: Financial summary, it is a bound exhibit?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: It will be Exhibit 1003.

EXHIBIT No. 1003: Financial summaries of certain individual companies in woollens division.

THE COMMISSIONER: Show it to me.

THE WITNESS: You are dealing with the individual companies first, are you?

MR. McRUER: Yes. The companies dealt with in this exhibit are the Brook Woollen Company of Simcoe, Dominion Woollens and Worsteds Limited, Paris Wincey Mills Company Limited, Paton Manufacturing Company Limited and Patons and Baldwins Limited?

A. Yes.

A. Let me have the answers than to the questionnaires. The next exhibit will be the answers to the questionnaire of the Brook Woollen Company Limited?

A. It is the Brook Woollen Company of Simcoe Limited.

THE COMMISSIONER: Bruck?

... Well, we won't lose sight of that. Thank you.

THE COMMISSIONER: All right, Mr. Hoag.

MR. HOAG: Then, that comes under the subject of

common companies, my lord. I propose now to deal with

the woolen division.

THE COMMISSIONER: You are going on with Mr.

Hoag, though?

MR. HOAG: Yes, my lord. Now, the first state-

ment I wish to introduce, Mr. Hoag, is the financial

statement of the woolen division in 1900.

WOOLEN DIVISION? Yes, my lord.

THE COMMISSIONER: Financial statement, it is a

balance sheet?

MR. HOAG: Yes, my lord.

THE COMMISSIONER: It will be Exhibit 1000.

EXHIBIT No. 1000: Financial statement of
certain individual companies
in woolen division.

THE COMMISSIONER: Show it to me.

THE WITNESS: You are dealing with the individual

companies first, are you?

MR. HOAG: Yes. The companies dealt with in

the statement are the woolen companies of Canada.

Benjamin Woolen and Worsted Limited, Davis & Wemyss

Woolen Limited, and others.

Limited and others and others Limited? A. Yes.

I have the answers then to the question-

posed. The next exhibit will be the answers to the

question of the woolen companies of Canada.

THE COMMISSIONER: Yes, my lord.

MR. HOAG: Yes, my lord.

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Howson

MR. McRUER: Brook Woollen Company of Simcoe Limited.

THE COMMISSIONER: 1004.

EXHIBIT No. 1004: Answers to questionnaire by Brook Woollen Company of Simcoe Limited.

MR. McRUER: The next Exhibit will be the financial statements of the Brook Woollen Company of Simcoe Limited, from 1923 to 1935.

EXHIBIT No. 1005: Financial statements of Brook Woollen Company of Simcoe Limited from 1923 to 1935.

MR. McRUER: Now, have you the answers to the questionnaire for Dominion Woollens & Worsted Limited? Mylord, Mr. Elliott has just remembered that he has to be in Montreal tomorrow.

THE COMMISSIONER: Well, is there anything else you can provide us with tomorrow?

MR. McRUER: I think we will have to go on on Monday morning then.

THE COMMISSIONER: Can you keep me busy tomorrow?

MR. McRUER: Oh yes.

THE COMMISSIONER: There is no doubt about Monday is there?

MR. ELLIOTT: Monday is all right, absolutely.

THE COMMISSIONER: Very well, that is understood finally that this matter proceeds Monday morning. Mr. Kellock, you will take a note of that?

MR. KELLOCK: Yes, I was going to ask if somebody could telephone Mr. Brown because he has gone to telephone the management now.

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Howe

MR. McNEIL: Brook Woolen Company of Simcoe

Limited

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Answers to questionnaires
by Brook Woolen Company of
Simcoe Limited.

MR. McNEIL: The next exhibit will be the finan-

cial statements of the Brook Woolen Company of Simcoe

Limited, from 1933 to 1935.

MR. McNEIL: Financial statements of
Brook Woolen Company of
Simcoe Limited from 1933
to 1935.

MR. McNEIL: Now, have you the answers to the

questionnaires for Dominion Woolens & Worsted Limited

Myford, Mr. Elliott has just remembered that he has to

be in Montreal tomorrow.

THE COMMISSIONER: Well, is there anything else

you can provide us with tomorrow?

MR. McNEIL: I think we will have to go on on

Monday morning then.

THE COMMISSIONER: Can you keep me busy tomorrow?

MR. McNEIL: Oh yes.

THE COMMISSIONER: There is no doubt about Monday

is there?

MR. McNEIL: Monday is all right, absolutely.

THE COMMISSIONER: Very well, that is understood

finally that this matter proceeds Monday morning. Mr.

Kellock, you will take a note of that?

MR. KELLOCK: Yes, I was going to ask if some-

body could telephone Mr. Brown because he has gone to

telephone the management now.

THE COMMISSIONER: That is, get the Chateau

Laurier Hotel and tell Mr. Brown it is Monday morning.

MR. McRUER: The next exhibit then is the answers to the questionnaire by Dominion Woollens & Worsted Limited.

THE COMMISSIONER: 1006.

EXHIBIT No. 1006: Answers to questionnaire by Dominion Woollens & Worsted Limited.

BY MR. McRUER: Q. Now, is this the only answer or is there further material covered? How do we distinguish it, Mr. Howson, or does it all refer to them? A. It all refers to them or the predecessor companies.

Q. Well, we better have that all put in as one exhibit? A. Yes, I think so.

Q. Then, this refers not only to the affairs of the Dominion Woollens & Worsted but certain predecessor companies. We will put it all in as one exhibit. Now, the Paris Wincey Mills Limited,-- A. Just a minute, there is the financial statements --

THE COMMISSIONER: Insofar as the Dominion Woollens & Worsted is concerned you have given me the answers to the questionnaires. What about the financial statements?

MR. McRUER: Yes, I have them here. That is my mistake, my lord.

THE COMMISSIONER: They ought to come next.

MR. McRUER: Then, the next exhibit is the annual statements of the Dominion Woollens & Worsted Limited from 1932 to 1935 inclusive.

THE COMMISSIONER: 1007.

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THE COMMISSIONER: That is, get the chairman

The next exhibit then is the answers

to the questionnaire by Dominion Woolens & Worsted

limited.

THE COMMISSIONER: 1008.

EXHIBIT No. 1008: Answers to questionnaire

by Dominion Woolens &

Worsted limited.

BY MR. HOWSON: Now, is this the only answer

or is there further material covered? How do we dis-

tinguish it, Mr. Howson, or does it all refer to them?

A. It all refers to them or the predecessor companies.

Q. Well, we better have that all put in as one

A. Then, this refers not only to the affairs of

cessor companies. We will put it all in as one exhi-

bit. Now, the name Winsey Mills limited--

a minute, there is the financial statements--

THE COMMISSIONER: Insofar as the Dominion Woolens

& Worsted is concerned you have given me the answers

the questionnaires. What about the financial state-

ments?

MR. HOWSON: Yes, I have them here. That is my

mistake, my lord.

THE COMMISSIONER: They ought to come next.

MR. HOWSON: Then, the next exhibit is the annual

statement of the Dominion Woolens & Worsted limited.

THE COMMISSIONER: Now.

THE COMMISSIONER: Now.

- MR. McRUER: No, it should be 1929 to 1935 inclusive.

EXHIBIT No. 1007: Annual statements of Dominion Woollens and Worsted Limited from 1929 to 1935.

5 MR. McRUER: Then, the next exhibit is the annual statements of the --

THE COMMISSIONER: Just a minute, what about the questionnaires?

10 MR. McRUER: No, this is a predecessor company of Dominion Woollens. The annual statements of the R. Forbes Limited from -- A. It is a broken period.

Q. 1925, 1926, 1927, and a summary of 1928.

15 THE COMMISSIONER: That is number 1008.

EXHIBIT No. 1008: Annual statements of R. Forbes Limited, from 1925 to 1928.

20 MR. McRUER: Then, the next exhibit is the annual statements of three companies that were later absorbed by a company known as the Canadian Woollens Limited which was later absorbed by the Dominion Woollens & Worsted. These companies are the Standard Woollen Mills Company of Toronto Limited, the Auburn Woollen Company of Peterboro, Limited, and the Bonner Worth Company Limited.

25 THE COMMISSIONER: They were absorbed by whom to begin with?

MR. McRUER: They were absorbed by Canadian Woollens Limited.

30 THE COMMISSIONER: And that in turn by the Dominion Woollens.

MR. McRUER: Yes, my lord. These statements

W. McRUR: No, it should be 1923 to 1925.

Annual statements of Dominion Woolfarms and Worsted Mills Limited from 1923 to 1925.

W. McRUR: Then, the next exhibit is the annual statements of the --

THE COMMISSIONER: Just a minute, what about the questionnaires?

W. McRUR: No, this is a predecessor company of Dominion Woolfarms. The annual statements of the A. --

W. McRUR: It is a predecessor of the --

THE COMMISSIONER: 1925, 1926, 1927, and a summary of 1928.

THE COMMISSIONER: That is number 1008.

W. McRUR: From 1923 to 1928.

W. McRUR: Then, the next exhibit is the annual statements of the --

by a company known as the Canadian Woolfarms Limited which was later absorbed by the Dominion Woolfarms & Worsted Mills Company of Toronto Limited, the Auburn Woolfarms & Worsted Mills Company of Toronto Limited, and the Auburn Woolfarms & Worsted Mills Company of Toronto Limited.

THE COMMISSIONER: They were absorbed by Canadian Woolfarms & Worsted Mills Limited.

THE COMMISSIONER: They were absorbed by Canadian Woolfarms & Worsted Mills Limited.

THE COMMISSIONER: They were absorbed by Canadian Woolfarms & Worsted Mills Limited.

THE COMMISSIONER: They were absorbed by Canadian Woolfarms & Worsted Mills Limited.

THE COMMISSIONER: They were absorbed by Canadian Woolfarms & Worsted Mills Limited.

commence at 1919 and run through to 1928.

THE COMMISSIONER: No. 1009.

EXHIBIT No. 1009: Annual statements of
Standard Woollen Mills
Company, Auburn Woollen
Company and the Bonner
Worth Company.

MR McRUER: And I see they also contain in the
year 1928 the statements of the Milton Spinners Limited,
and the Otonabee Mills Limited, which were all com-
panies that were later absorbed by Dominion Woollens
& Worstedes -- at least, first absorbed by Canadian
Woollens --

A. Yes.

Q. And then absorbed by Dominion Woollens &
Worstedes. The next is the answers to the question-
naire of the Paris Wincey Mills Limited, and these are
the financial statements of the Paris Wincey Company--

THE COMMISSIONER: Just a minute, this last one
is 1010.

EXHIBIT No. 1010: Answers to questionnaire
by Paris Wincey Mills
Limited.

THE COMMISSIONER: All right, what is next?

MR. McRUER: The financial statements of the Paris
Wincey Mills Limited from 1912 to 1936 inclusive.

THE COMMISSIONER: 1011.

EXHIBIT No. 1011: Financial statements of
Paris Wincey Mills Limited,
from 1912 to 1936 inclu-
sive.

MR. McRUER: My lord, I was just suggesting before
it gets too far advance_d in the day that it may be
possible that the Canadian Cottons do not want to
appear by separate counsel. They may instruct Mr.
Kellock to go on. If they were going to do that we

COMMISSIONER AT 1914 AND 1915

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could go on this afternoon because there is something else I proposed going on with on Monday, and I don't want to get too crowded.

5 MR.KELLOCK: I don't think there is any chance of their instructing me because I appear for the industry at large. My clients regard this matter my friend refers to as a domestic matter .

THE COMMISSIONER: You do not agree with Mr. McRuer.

10 MR.KELLOCK: No, I don't think the company would instruct me.

MR.McRUER: I was just going to suggest if it was convenient to adjourn for a few minutes I could call Mr.Bruneau on the telephone and see what his desires are. Of course, if he wants to be here, all right. I would like to go on this afternoon if I can.

-- The Commission adjourned for a short recess.

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Page 13049 follows.

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could go on this afternoon because there is some-
thing else I proposed going on with on Monday, and I
don't want to get too crowded.

MR. KELLICK: I don't think there is any chance
of their instructing me because I appear for the in-
terest at large. My clients regard this matter as
a domestic matter.

THE COMMISSIONER: You do not agree with Mr.

MR. KELLICK: No, I don't think the company would

MR. KELLICK: I was just going to suggest if it was

convenient to adjourn for a few minutes I could call
Mr. Brunson on the telephone and see what his desire
is. Of course, if he wants to be here, all right. I
could like to go on this afternoon if I can.

-- The Commission adjourned for a short recess.

On resuming.

MR. McRUER: My lord, I have arranged with Mr. Bruneau and Mr. Elliott for Mr. Elliott to appear tomorrow morning, and we will proceed with him then, although it is somewhat inconvenient for him, but then we can let him away by noon to keep his appointment in Montreal.

THE COMMISSIONER: All right, that is understood then. Mr. Elliott will be here tomorrow morning on income tax.

MR. McRUER: Yes, my lord.

BY MR. McRUER: Q. Now, Mr. Howson, we have not yet completed filing questionnaires and financial statements in regard to these companies? A. No.

MR. McRUER: Next, my lord is the answer to the questionnaire of the Paton Manufacturing Company.

THE COMMISSIONER: That is Exhibit 1012.

EXHIBIT 1012: Answer to the questionnaire by Paton Manufacturing Company Limited.

MR. McRUER: Next is the financial statements of the Paton Manufacturing Company Limited from April 30, 1924 to April 30, 1935, inclusive.

THE COMMISSIONER: That will be Exhibit 1013.

EXHIBIT 1013: Financial statements of the Paton Manufacturing Company Limited from April 30, 1924 to April 30, 1935, inclusive.

MR. McRUER: Next are the answers to the questionnaire from the Sherbrooke Land and Water Power Company Limited, a subsidiary of the Paton

MR. MURPHY: My lord, I have arranged with Mr. [unclear] and Mr. Elliott for Mr. Elliott to appear tomorrow morning, and we will proceed with him then, although it is somewhat inconvenient for him, but then we can let him away by noon to keep his appointment in Montreal.

THE COMMISSIONER: All right, that is understood then. Mr. Elliott will be here tomorrow morning on income tax.

MR. MURPHY: Yes, my lord.

BY MR. MURPHY: Now, Mr. Howson, we have not yet completed filling questionnaires and financial statements in regard to these companies? A. No.

MR. MURPHY: Next, my lord is the answer to the questionnaire of the Paton Manufacturing Company. THE COMMISSIONER: That is Exhibit J, Q13.

EXHIBIT J Q13:
Answer to the questionnaire by Paton Manufacturing Company Limited.

MR. MURPHY: Next is the financial statements of the Paton Manufacturing Company dated from April 30, 1934 to April 30, 1935, inclusive.

THE COMMISSIONER: That will be Exhibit J Q14.

EXHIBIT J Q14:
Financial statements of the Paton Manufacturing Company Limited from April 30, 1934 to April 30, 1935, inclusive.

MR. MURPHY: Next are the answers to the questionnaire from the telephone bank and water tower company limited, a subsidiary of the Paton

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Manufacturing Company.

THE COMMISSIONER: That will be Exhibit 1014.

EXHIBIT 1014: Answers to the questionnaire from Sherbrooke Land and Water Power Company Limited, a subsidiary of the Paton Manufacturing Company.

MR. McRUER: Next are the financial statements of the Sherbrooke Land and Water Power Company Limited, April 30, 1924, to April 30, 1936, inclusive.

THE COMMISSIONER: That will be Exhibit 1015.

EXHIBIT 1015: Financial statements of the Sherbrooke Land and Water Power Company Limited, April 30, 1924 to April 30, 1936, inclusive.

MR. McRUER: Next are the answers to the questionnaire of Patons & Baldwins Limited.

THE COMMISSIONER: There are two companies?

MR. McRUER: No, that is the name of the company. It is a branch, is it, Mr. Howson, of an English company?

THE WITNESS: It is controlled by an English company. It is a limited company, but they call it a branch.

MR. McRUER: But it is a Canadian company?

THE WITNESS: Yes.

THE COMMISSIONER: That will be Exhibit 1016.

EXHIBIT 1016: Answers to the questionnaire of Patons & Baldwins Limited.

BY MR. McRUER: Q. Now, Mr. Howson, you have analyzed and summarize the affairs of these companies that are mentioned in Exhibit 1005, and you have put down in your report the result of your summarization.

A. Yes, sir.

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Memorandum of Association

THE COMMISSIONER: That will be Exhibit 101A

EXHIBIT 101A:

Answers to the questions in
the questions and answers
Water Power Company Limited, a
subsidiary of the Western
Power Company.

MR. McNEIL: Next are the financial statements

of the Water Power Company

limited, April 30, 1934, to April 30, 1936, inclusive

THE COMMISSIONER: That will be Exhibit 101B.

EXHIBIT 101B:

Financial statements of the
Water Power Company and Water Power
Company Limited, April 30,
1934 to April 30, 1936, inclusive

MR. McNEIL: Next are the answers to the ques-

tions of letters to Selkirk Limited.

THE COMMISSIONER: There are two companies?

It is a branch, is it, Mr. McNEIL, of an English

THE WITNESS: It is controlled by an English

company. It is a limited company, but they call it a

MR. McNEIL: But it is a Canadian company?

THE WITNESS: Yes.

THE COMMISSIONER: That will be Exhibit 101C.

EXHIBIT 101C:

Answers to the questions in
the questions and answers

BY MR. McNEIL: Now, Mr. McNEIL, you have

analyzed and summarized the affairs of these companies

and you have found that they are controlled by an English

company, is that correct?

THE WITNESS: Yes.

Q. This has all been done following out the same method that you followed in regard to the cotton companies?

A. Yes, based on the answers to the questionnaire.

5 Q. All based on the answers to the questionnaire.

THE COMMISSIONER: You are referring to Exhibit 1003?

MR. McRUAR: Yes, my lord. I do not think there are any farther questions that I want to ask Mr. Howson on it. I think what arises out of it is largely argumentative.

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THE COMMISSIONER: Mr. Kellock?

MR. KELLOCK: There are just one or two things, my lord.

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BY MR. KELLOCK: Q. At page 3, that is the third from the front --

THE COMMISSIONER: You are talking of Exhibit 1003?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: That is Profit and Loss and Surplus Summary.

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MR. KELLOCK: Yes, my lord.

BY MR. KELLOCK: Q. I understand that in the year 1928, Mr. Howson, those figures did not include the figures of the Forbes Company, although in all the other years the figures of the Forbes Company are included. Is that right? A. Yes, that is right, as far as Profit and Loss is concerned. I could not get the financial statement.

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BY THE COMMISSIONER: Q. You could not get it?

A. No.

30

Q. This has all been done following out the

A. Yes, based on the answers to

the questionnaire.

A. All based on the answers to the questionnaire

THE QUESTION: You are referring to Exhibit

A. Yes, my lord. I do not think there

are any further questions that I want to ask Mr. Pryde

on it. I think what arises out of it is largely

explanatory.

THE QUESTION: Mr. Atkinson?

A. Yes, my lord. There are just one or two things,

my lord.

BY MR. ATKINSON: Q. At page 3, that is the

third from the front --

THE QUESTION: You are talking of Exhibit 100?

A. Yes, my lord.

THE QUESTION: That is profit and loss and

A. Yes, my lord.

BY MR. ATKINSON: Q. I understand that in the

year 1928, Mr. Atkinson, those figures did not include

the figures of the Forbes Company, although in all the

other years the figures of the Forbes Company are

included. Is that right? A. Yes, that is

right, so far as profit and loss is concerned.

BY MR. KELLOCK: Q. Therefore that year is not comparable with the others for that reason?

A. No.

5 Q. On that same page, in the year 1925, the third line shows that there was no gross profit but rather a loss. Is that right? A. Yes.

10 Q. I understand that that was very largely, if not entirely, due to a fall in the cost of raw wool. Do you know, Mr. Howson? A. I cannot answer that from my own knowledge at all.

15 Q. I see. Then on page 4, Summary of Operations, your figures refer to the Paris Wincey Company, and that figure at the foot of the page for net profit is not final net profit, is it, Mr. Howson? That is before bank interest? A. It is net profit to sales.

BY THE COMMISSIONER: Q. Net profit on sales alone? A. Yes, \$20,737.

20 Q. You take out of it everything apart from the charge to sales, is that it? A. Yes.

Q. You leave it at that.

25 BY MR. KELLOCK: Q. My point is this: If you look at the sheet it is evident that it is not the final net profit. It is net profit, if you like, before you get to final net profit. A. Net profit before bank interest and income tax.

BY THE COMMISSIONER: Q. Net profit after bank interest and income tax is not shown at all.

30 A. It is the net revenue applicable to the common stock.

Q. So the last line in the first part of that

BY MR. KILGORE: Q. Therefore that year is

not comparable with the others for that reason?

A. No.

Q. On that same page, in the year 1936, the

third line shows that there was no gross profit but

rather a loss. Is that right? A. Yes.

Q. I understand that that was very largely, if

not entirely, due to a fall in the cost of raw wool.

no you know, Mr. Howson? A. I cannot

answer that from my own knowledge at all.

Q. I see. Then on page 4, Summary of Operations

your figures refer to the Paris Woollen Company, and

that figure at the foot of the page for net profit

is now final net profit, is it, Mr. Howson? That is

before bank interest? A. It is net profit to

BY THE COMMISSIONER: Q. Net profit on sales

alone? A. Yes, \$20,727.

Q. You take out of it everything spent from

the charge to sales, is that it? A. Yes.

Q. You leave it at that.

BY MR. KILGORE: Q. My point is this: If

you look at the sheet it is evident that it is not

the final net profit. It is net profit, if you like.

A. Net before you get to final net profit.

BY THE COMMISSIONER: Q. Net profit after bank

interest and income tax is not shown at all.

A. It is the net revenue applicable to the common

stock. Q. So the last line in the first part of that

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Howson

page shows probably what Mr. Kellock wants, does it?

A. Yes.

MR. McRUER: The upper line, showing 9.8.
That includes outside investments.

5 BY MR. KELLOCK: Q. You do not show on this
sheet, Mr. Howson, the percentage of final net pro-
fits to sales? A. No.

THE COMMISSIONER: Final net profits to sales?

MR. KELLOCK: Yes.

10 BY THE COMMISSIONER: Q. What other elements
should be there before you get the final net profits
to sales? What else should be taken off? Mr.
Kellock is talking about the final net profit to
sales. What else should come off? A. Excuse
15 me, sales is just used as the basis on which these
percentages are worked out.

Q. It is only the percentage to the sales?
A. Yes.

20 Q. I see. A. The percentage to sales of
the final figure is not shown.

BY MR. KELLOCK: Q. No, and that is true when
you deal with all these companies? A. Yes.

25 Q. And when you use the term "Net Profit" at
the foot of all these pages, it must be borne in
mind that it is before bank interest and income tax.
A. I think each individual statement is self-evident.

30 Q. Yes, if you go back further in the page you
find that the figure of net profit at the bottom of
the page is before bank interest and income tax?

A. Yes.

Howson

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A. Yes.

Q. Now, the paper line, showing 8.8.

That includes outside investments.

BY MR. KILLOK: Q. You do not show on this

sheet, Mr. Howson, the percentage of final net pro-

fits to sales? A. No.

THE COMMISSIONER: Final net profits to sales?

MR. KILLOK: Yes.

BY THE COMMISSIONER: Q. What other elements

should be there before you get the final net profit to

to sales? What else should be taken off? Mr.

Killock is talking about the final net profit to

sales. What else should come off? A. Expenses

and what is left over as the final net profit.

percentages are worked out.

Q. It is only the percentage to the sales?

A. Yes.

Q. I see. A. The percentages to sales of

the final figure is not shown.

BY MR. KILLOK: Q. No, and that is time when

you need all these percentages. A. Yes.

Q. And when you use the term "Net Profit" it

is the foot of all these pages, it must be borne in

mind that it is before bank interest and income tax.

A. I think each individual statement is self-evident.

Q. Yes, if you go back further in the page you

will find the statement of profit and loss.

Q. Yes, in the statement of profit and loss.

A. Yes.

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Howson

MR. McRUER: There are no bank loans in Paris
Winney Company in 1935.

THE COMMISSIONER: There was bank interest paid.
It shows just above income taxes.

MR. McRUER: Oh, \$389. They apparently closed
the loan off.

THE WITNESS: Before the end of the year.

MR. McRUER: Before the end of the year.

BY MR. KELLOCK: Q. Turning to page 5, Mr.
Howson, Summary of Operations of the Peton Manufac-
turing Company, the first figure that you give on
that page is Capital Employed in Operations as per
books. Then you take off an appraisal addition of
\$400,000 ?

A. Yes.

Q. I would understand from that that the
company had had an appraisal of its assets at some
time, and that the value of the appraisal was in-
cluded in the figure in the top line. A. Yes.

MR. McRUER: They wrote up their books by the
amount of the appraisal. We had that in Montreal.

MR. KELLOCK: Yes.

BY MR. KELLOCK: Q. I am correct in saying,
Mr. Howson, that the company had its assets appraised
and that the appraisal was apparently more than the
book value of the assets, and the difference between
the then value of the book assets and the appraisal
was added to the book value. A. No, I do not
think they used the total amount of the appraisal.

Q. All right. They took part of it ?

A. Took part of it.

MR. McHURR: There are no bank loans in Paris

since Company in 1930.

THE COMMISSIONER: There was bank interest paid.

It shows just above income taxes.

MR. McHURR: Oh, \$383. They apparently closed

the loan off.

THE WITNESS: Before the end of the year.

MR. McHURR: I am not sure.

BY MR. McHURR: Q. Turning to page 5, Mr.

Howson, Summary of Operations of the Baton Manufacturing

Company, the first figure that you give on

that page is Capital Employed in Operations as per

books. Then you take off an appraisal addition of

\$400,000.

Q. I would understand from that that the

company had had an appraisal of its assets at a

time, and that the value of the appraisal was in-

cluded in the figure in the top line. A. Yes.

MR. McHURR: They wrote up their books by the

amount of the appraisal. We had that in Montreal.

MR. McHURR: Yes.

IT WAS WRITTEN UP IN MONTREAL.

MR. McHURR: That was the amount that was reported

and that the appraisal was apparently more than the

book value of the assets, and the difference between

the then value of the book assets and the appraisal

was taken as the loss.

think they used the total amount of the appraisal.

Q. All right. They took part of it?

A. Took part of it.

Q. To the extent of \$400,000? A. Yes.

5 Q. Sometimes in dealing with some of the companies that we have already dealt with you have used an appraisal which was made for insurance purposes, and you have added the difference between the net book value and the appraisal value to surplus, and I was wondering why you took off the addition by reason of the appraisal in the case of this company. Sometimes you seem to add it, and sometimes you seem to deduct it. A. No, not in this type of statement.

10 Q. Will you just explain when you add it and when you take it off? A. The statements show when we add it, and I think the statements show the purpose of the addition, for the purpose of the statement.

15 Q. Would you be good enough to explain to me the purpose in connection with this page 5? A. In order to get at the value of the assets, the cost value of the assets.

20 Q. In order to get at the cost value of the assets? I do not see any heading lower down on this page for cost value of the assets. A. They increased the value of the assets on their books by an appraisal over and above the cost.

25 Q. Have you any reason to say that the appraisal value was not an accurate value for the purpose?

A. I am not discussing that point at all.

30 Q. Then I do not follow you when you started to explain the point.

Q. To the extent of \$400,000?

A. Yes.

Q. Sometimes in dealing with some of the

companies that we have already dealt with you have

used an appraisal which was made for insurance pur-

poses, and you have added the difference between the

net book value and the appraisal value to surplus.

Q. And I was wondering why you took off the addition

by reason of the appraisal in the case of this com-

pany. Sometimes you seem to add it, and sometimes

you seem to deduct it.

A. No, not in this

type of statement.

Q. Will you just explain when you add it and

when you take it off?

A. The statements show

when we add it, and I think the statements show the

purpose of the addition, for the purpose of the state-

ment.

Q. Would you be good enough to explain to me the

purpose in connection with this page 5?

A. In

order to get at the value of the assets, the cost

value of the assets.

Q. In order to get at the cost value of the assets

I do not see any heading lower down on this page for

cost value of the assets.

A. They increased

the value of the assets on their books by an appraisal

over and above the cost.

Q. Have you any reason to say that the appraisal

value was an appraisal value and not a book value?

A. I am not disagreeing with that point at all.

Q. I do not follow you when you stated to

me that the appraisal value was an appraisal value

BY THE COMMISSIONER: Q. What does this figure, \$1,874,000, represent? A. That represents the book value of the assets.

Q. Which you say should be reduced.

5 A. Which I say has been written off to the extent of \$400,000.

Q. You are taking that sum off? A. I am taking that sum out.

10 MR. McRUER: This company at the time it started business bought from the other company at a certain figure, and after they had closed that deal they had an appraisal made and wrote up the book value by \$400,000 and carried it into their balance sheet as against the stock that was outstanding, 15 which was no par value stock.

BY THE COMMISSIONER: Q. And this operation which Mr. McRuier has described, gives the \$1,874,000? A. Ultimately.

20 Q. And you take the \$400,000 off? A. I take the \$400,000 off.

25 BY MR. KILLOCK: Q. My question was this, Mr. Howson, when you find on the books of a company that a company has included in the book value of its assets some value which as the result of an appraisal the company has been advised is there, you for the purpose of such a statement as on page 5 deduct that? A. Yes.

30 Q. But for the purpose of finding out what value a company really has in its assets you use the insurance appraisal, and you take the difference between

BY THE COURT: Q. What does this

represent the book value of the assets?

A. Which you say should be reduced.

A. Which I say has been written off to the extent

of \$400,000.

Q. You are saying that and off? A. I am

saying that and off.

Q. Now, this company at the time it

started was less than the other company and

certain figures, and after they had closed that deal

they had an appraisal made and wrote up the book

value by \$400,000 and carried it into their accounts

as an asset for stock that was outstanding,

which was not per value stock.

BY THE COURT: Q. And this operation

which Mr. Kerner has described, gives the \$1,874,000?

A. Yes, sir.

Q. And you take the \$400,000 off? A. I

take the \$400,000 off.

BY THE COURT: Q. My question was this, Mr.

Kerner, when you first set up the company and

a company has included in the book value of its

assets some value which as the result of an appraisal

the company has been advised is there, you for the

purpose of such a statement as on page 5 reflect that?

A. Yes.

Q. Now, the purpose of this appraisal was to

show the value of the assets and the value of the

company, and you say that the appraisal was

the book value as shown by the company's books and the appraisal value, and you add that to surplus?

A. Yes.

5 Q. Why do you add it in the one case and deduct it in the other? A. Because as the other statement indicates, where an insurance appraisal is used, the value had been written out of the assets and charged to operations.

10 Q. That was your opinion, that it had been written out and charged to operations? A. Yes, as the statement shows, and that was the reason in order to get at the present value of the common stock equity.

15 Q. If there is any basis at all for your using the insurance appraisal in one case, and the company using an appraisal by somebody engaged by the company for the purpose of getting at the net book value, what you are doing on page 5 apparently is getting down to the value of the common stock equity? A. Yes.

20 Q. Why do you wash out on page 5 the \$400,000 which the company has been advised does exist in the value of its capital assets? The company has been advised it is there, and you take it out for the purpose of getting at the common stock equity? A. Yes, 25 for the purpose of getting the return on the common stock equity from operations.

Q. But why do you take out that? A. I am doing it, and that is the statement I am presenting.

30 Q. I know you are doing it, but why are you doing it? A. I have told you why.

the appraised value, and you add that to surplus?

A. Yes.

Q. Why do you add it in the one case and deduct

it in the other? A. Because in the other

statement indicates, where an insurance appraisal is

used, the value had been written out of the assets

and charged to operations.

Q. That was your opinion, that it had been

charged to operations? A. Yes.

as the statement shows, and that was the reason in

order to get at the present value of the common stock

equity.

Q. If there is any basis at all for your making

the insurance appraisal in one case, and the surplus

value in the other, is it not a matter of fact that

the insurance appraisal is based on the value of the

assets and the surplus value is based on the value of the

the value of the common stock equity? A. Yes.

Q. Why do you wash out on page 2 the \$400,000

value of the common stock equity? A. Yes.

value of its capital assets? The company has been

valued at its book value, and the value of the

assets is based on the value of the assets. A. Yes.

for the purpose of setting the return on the common

stock equity from operations.

Q. But why do you take out that? A. I am

trying to show that the value of the assets is

Q. I know you are doing it, but why are you

A. I am not sure.

Q. Then I did not follow you. A. Because the assets were written up, and the cash is not in those figures.

5 Q. I see. Then when the word "appraisal" is used in this case, what does it mean? A. It means that the company had an actual appraisal.

There was an appraisal made of capital assets on March 28, 1923, by the Canadian Appraisal Company Limited. This appraisal showed a value of capital
10 assets of \$1,337,482.75. The purchase price of these assets was \$596,842.91, giving an appraisal surplus of \$740,639.84. The amount of \$400,000 of this surplus was added to the purchase price of
15 \$596,842.91, making a book value of capital assets, \$996,842.91. That figure is included in the \$1,874,000.

MR. McRUER: The purchase price was not by payment in cash but by an issue of stock. They took it over from the predecessor company.

20 THE WITNESS: This \$400,000 was credited to the value of the common stock by the appraisal.

BY MR. KELLOCK: Q. And the company placed that \$400,000 on its books as an additional existing
25 value of its assets? A. Yes.

Q. Now the company says: We have been advised that that value is there, and therefore we are altering our books to conform with that advice, that value is behind our common shares and any other s that we have,
30 and that value is increased by this existing value of \$400,000. But you say to the company, on page 5:

Q. Then I did not follow you. A. Because

the assets were written up, and the cash is not in

those figures.

Q. I see. Then when the word "appraisal" is

used in this case, what does it mean? A. It

means that the company had an actual appraisal.

There was an appraisal made of capital assets on

March 25, 1923, by the Canadian Appraisal Company

Limited. This appraisal showed a value of capital

assets of \$1,337,482.75. The purchase price of

these assets was \$596,842.91, giving an appraisal

surplus of \$740,640.84. The amount of \$400,000 of

this surplus was added to the purchase price of

\$596,842.91, making a book value of capital assets

\$996,842.91. That figure is included in the

\$1,874,000.

MR. MOHR: The purchase price was not by

payment in cash but by an issue of stock. They took

it over from the predecessor company.

THE WITNESS: This \$400,000 was credited to the

value of the common stock by the appraisal.

BY MR. WILSON: Q. And the company placed

that \$400,000 on its books as an additional existing

value of its assets? A. Yes.

Q. Now, the company says that the value of the

stock that value is there, and therefore we are entitled

our books to conform with that value, that value is

behind our common shares and any other of the two have,

and that value is increased by this existing value of

\$1,874,000. The amount of the appraisal, as shown in

When I am determining the value of the common stock equity, I am going to deduct that. A. I am not determining the value. I am determining the figure of the cost value of the assets on which I can set up a certain percentage in relation to the earnings of the company.

Q. Then, instead of using the words "common stock equity" to describe the figures that follow you want to say, "common stock equity at cost."

MR. McRUER: Plus accumulated surplus.

THE WITNESS: It is quite obvious how that is arrived at.

BY MR. KELLOCK: Q. Now is not that right?

A. Yes, if you want to put it that way. If you would like that added to the total amount I have no objection.

Q. I am not so much interested, Mr. Howson, in amending the language that you use to describe the figures as in getting the correct figures against the language you have used. That is what I am more interested in, and what I say is that as I understand this page, you say for the purpose of your calculations which follow and the percentage on common stock equity that you are going to take out the value of \$400,000, which the company has been advised is there. That is what you do. A. I have taken it out.

BY THE COMMISSIONER: Q. That is on the ground that they did not pay for it? A. Yes, sir.

Q. That is apparently what you have put here, the actual investment regardless of present value or

when I am determining the value of the common stock
determining the value. I am determining the figure
of the total value of the assets on which I can act
as a certain percentage in relation to the earnings

Then, instead of using the words "a man
stock equity" to describe the figures that follow
you want to say, "common stock equity of 100."

BY THE COURT: It is quite obvious how that is
derived etc.

BY MR. LAWSON: Now is not that right?
A. Yes, if you want to put it that way. If you
want the last word on the matter I have no
objection.

C. I am not so much interested, Mr. Lawson, in
amending the language that you use to describe the
figures as in getting the correct figures against the
language you have used. That is what I am more in-
terested in, and what I say is that as I understand
this page, you say for the purpose of your calcu-
lations which follow and the percentage on common stock
equity that you are going to take out the value of
400,000, which the company has been advised is there.
That is what you do. A. I have taken it out.

BY THE COURT: That is on the ground
A. Yes, sir.

Now, if you want to say that you have put here,

after value? A. Yes.

THE COMMISSIONER: All right, as long as we understand what it is.

MR. KELLOCK: I think we have it clear now.

5 BY MR. KELLOCK: Q. Then, Mr. Howson, when you go on to say that the company has paid out so much in dividends and it has so much undistributed profits in its surplus, you say on that page: I find that the company's assets have been valued at
10 such and such a date for the purpose of an insurance coverage, and I am going to add to that the difference between the amount at which the assets are carried on the books and the amount of the insurance appraisal, and I am going to add that to surplus.

15 A. I am not doing that in this case.

Q. But the sheet does? A. The sheet does not.

Q. I am not talking about this company.

20 A. You are confusing two things, and they are absolutely and totally different.

Q. I am just comparing them. A. You are comparing two things which are utterly different, and I will not consent to any such comparison being
25 made so far as I am concerned.

Q. I do not ask you to consent to anything.

A. My statement is perfectly clear. It shows exactly what has been done. I have explained the purpose here, and I think that is all I can do.

30 Q. I do not want to argue with you at all.

BY THE COMMISSIONER: Q. If you were asked now

Q. Now, the statement is: All right, as long as we understand the list is.

A. Now, I think we have it clear now.

Q. Then, Mr. Bradie, when you go on to say that the company has paid out no much in dividends and it has some small additions profits in its surplus, you say on that page: I find that the company's assets have been valued at such and such a date for the purpose of an insurance coverage, and I am going to add to that the difference between the amount at which the assets are carried on the books and the amount of the insurance surplus, and I am going to add that to surplus.

A. I am not doing that in this case.

Q. But the sheet does?

A. The sheet does not.

Q. I am not talking about this company.

A. You are contrasting two things, and they are wholly and totally different.

Q. I am just comparing them.

A. You are comparing two things which are utterly different, and I will not consent to say any more about it.

Q. I do not ask you to consent to anything.

A. My statement is perfectly clear. It shows that the company has paid out no dividends and it has some small additions profits in its surplus, and I am going to add that to surplus.

Q. If you were asked now

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to put a value on the assets of the company, you would proceed differently, wouldn't you? A. Yes.

This \$400,000 would not come out of the earnings of the company at all.

5 MR. KELLOCK: I am not speaking of that.

MR. McRUER: It never did come out. That was written up after it was taken over.

THE WITNESS: The purpose of the two statements is entirely different.

10 BY MR. KELLOCK: Q. Just one other question, if I may. When you use the insurance appraisal in connection with other companies, you did as a matter of fact take the difference between the book value, according to the company's books, and the insurance appraisal.

15 THE COMMISSIONER: Which was greater.

MR. KELLOCK: Which was greater, and in cases where it was greater you add it to surplus composed of undistributed profits, Mr. Howson.

20 THE COMMISSIONER: To show the value of their assets, but not for the purpose of this sort of statement, which is not the same thing.

MR. KELLOCK: That is the other half, which I am coming to.

25 BY MR. KELLOCK: Q. You did that first, Mr. Howson, didn't you? A. Yes, for the purposes of that statement.

30 Q. For the purposes of the statement. Then you do not go and add to the book value of the company's

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MONTREAL

in the case of the company of the company, for which
 the company is not responsible, and it is not

This \$400,000 would not come out of the earnings of

the company at all.

MR. NEWBOLD: I am not speaking of that.

MR. NEWBOLD: I have not said that.

written up after it was taken over.

MR. NEWBOLD: The purpose of the statement

is to show the value of the company.

MR. NEWBOLD: I get one other question, if

I may, when you say the insurance company is

tion with other companies, you did as a matter of

fact take the difference between the book value,

according to the company's books, and the insurance

company's.

THE COMMISSIONER: Which was greater.

MR. NEWBOLD: Which was greater, and in cases

where it was greater you add it to earnings composed of

undistributed profits, Mr. Howson.

THE COMMISSIONER: To show the value of their

assets, but not for the purpose of this sort of state-

ment, which is not the same thing.

MR. NEWBOLD: I am not sure, but I think

coming to.

BY MR. NEWBOLD: Q. You did that first, Mr.

Howson, didn't you? A. Yes, for the purpose

of that statement.

Q. For the purpose of the statement. Then you

do not go and add to the book value of the company's

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Howson

capital that sum which you add to surplus, do you ?

A. Which company are you talking about now?

Q. The two I have in mind are Dominion Textile and Canadian Cottons.

A. You are not referring to this company?

Q. No, I am not referring to this company. I am talking about a company, and I say you add that difference composed of undistributed profits. You have done that as a matter of fact.

A. Yes.

Q. But you stop at that, and do not add that same difference, that is the difference between the book value and the appraisal to the company's capital employed.

A. That statement was not for that purpose.

Q. All right, I think that is all.

BY MR. McRUER: Q. Mr. Howson, it is a very different thing, is it not, if you find that a company takes over assets at a certain price and then immediately afterwards writes them up on the books by an appraisal or in any other way, and if a company takes over assets at a price and then depreciates them for a large number of years, and then has an appraisal made which reflects the value of the assets after depreciation --

A. That is what we are trying to demonstrate.

Q. They are two entirely different things, with no relation to one another?

A. No basis of comparison at all.

Q. Now I want to proceed with your next statement with reference to the woollen industry. This

is the Financial Summary, Woollens Division.

THE COMMISSIONER: This is something new, is it?

MR. McRUER: Yes, my lord.

5 THE COMMISSIONER: You just called it Woollens
Division, not Woollens and Worsteds.

MR. McRUER: It covers them all.

THE COMMISSIONER: A while ago we heard both
words used,

10 THE WITNESS: It covers them all with the exception
of two companies, to be dealt with later.

BY MR. McRUER: Q. This covers all the re-
porting companies with the exception of two companies,
Aird's and Kenwood's, which you deal with separately?

15 A. Yes, sir.

Q. Because they included in their business a
line that was not common to the other companies?

A. Yes, sir.

Q. That is paper makers' felt.

20 MR. KELLOCK: Forest & Spencer make a large
quantity of paper makers' felt.

THE WITNESS: A very small quantity.

MR. KELLOCK: My instructions are the other way.

25 MR. McRUER: Probably we can get a statement
from you as to the percentage of their business.

MR. KELLOCK: Does not the questionnaire show?

THE WITNESS: No.

MR. KELLOCK: My information does not come
direct; it comes from competitors.

30 MR. McRUER: The best way would be to get it
direct from your clients.

HOWARD

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THE CHARTERED ACCOUNTANTS, TORONTO DIVISION.

MR. BRYDIE: This is something new, is it?

MR. BRYDIE: Yes, my lord.

MR. BRYDIE: You just called it Wooliam

Division, not Wooliam and Wooted.

MR. BRYDIE: It covers them all.

MR. BRYDIE: A while ago we heard both

names used.

MR. BRYDIE: It covers them all with the exception

of two companies, to be dealt with later.

MR. BRYDIE: Will you tell me the

parting companies with the exception of two companies,

and's and Wooted's, which you deal with separately?

MR. BRYDIE:

2. Because they included in their business a

line that was not common to the other companies?

A. Yes, sir.

MR. BRYDIE: Now let us take Wooted's case.

MR. BRYDIE: Forst & Spencer make a large

quantity of wool, which they sell.

MR. BRYDIE: A very small quantity.

MR. BRYDIE: My information is the other way.

MR. BRYDIE: I think we are now getting

from you as to the percentage of their business.

MR. BRYDIE: Does not the questionnaire show?

MR. BRYDIE: No.

MR. BRYDIE: My information does not agree

with the questionnaire.

MR. BRYDIE: The fact is, my lord, that

about five per cent.

THE COMMISSIONER: This will be Exhibit 1017.

EXHIBIT 1017: Financial Summary
Woollens Division.

5 BY MR. McRULR: Q. The companies dealt
with in this Exhibit, 1017, are what companies?

A. Shall I read them all?

Q. Are they listed? A. They are listed
on page 3.

10 Q. I do not think I will have you read them
all.

- - - - -

-- The Commission adjourned at 12.30 p.m., to
resume at 2.15 p.m.

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(Page 13065 follows)

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--The Commission resumed at 3 P.M.

5 MR. McRUER: Now, my lord, I propose now to file the replies to the questionnaires and the annual statements as far as we have them of these companies that are listed in exhibit 1017 on the page headed Sales. It is about the third or fourth page over.

10 THE COMMISSIONER: All right, I have it. Now, then, we will have to give these separate numbers,

MR. McRUER: Yes, my lord.

THE COMMISSIONER: Now then, the first one is what?

MR. McRUER: The Barrymore Cloth Company.

15 THE COMMISSIONER: That is the questionnaire?

MR. McRUER: Yes, answers to the questionnaire.

THE COMMISSIONER: Now, that is Exhibit 1018.

EXHIBIT No. 1018: Answers to questionnaire by Barrymore Cloth Company.

20 THE COMMISSIONER: What is next, their financial statements?

MR. McRUER: The financial statements of the Barrymore Cloth Company from 1917 to 1925.

THE COMMISSIONER: 1019.

25 EXHIBIT No. 1019: Financial statements of Barrymore Cloth Company from 1917 to 1925.

BY MR. McRUER: Q. What about the financial statements from 1925 to 1935? A. That is all we have.

30 Q. This just goes up to 1925? A. That is all we have from them.

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Howson

--The Commission resumed at 2 P.M.

MR. McHUGH: Now, my lord, I propose now to file the replies to the questionnaires and the annual statements as far as we have them of these companies that are listed in exhibit 1017 on the page headed Sales. It is about the third or fourth page over. THE COMMISSIONER: All right, I have it. Now, then, we will have to give these separate numbers, MR. McHUGH: Yes, my lord.

THE COMMISSIONER: Now then, the first one is

MR. McHUGH: The Barrymore Cloth Company. THE COMMISSIONER: That is the questionnaire? MR. McHUGH: Yes, answers to the questionnaire. THE COMMISSIONER: Now, to the exhibit 1018.

EXHIBIT M. 1018: Answers to questionnaires by Barrymore Cloth Company.

THE COMMISSIONER: What is next, their financial statements?

MR. McHUGH: The financial statements of the Barrymore Cloth Company from 1917 to 1925.

THE COMMISSIONER: 1019.

EXHIBIT M. 1019: Financial statements of Barrymore Cloth Company from 1917 to 1925.

BY MR. McHUGH: Q. What about the financial

statements from 1925 to 1935? A. That is all we

A. That is from 1925 up to 1935?

Q. That is all ? A. Yes sir.

Q. Then, Bates and Innis Limited.

THE COMMISSIONER: Bates -- Oh yes, Bates & Innis, that is the questionnaire ?

5 MR. McRUER: Answers to the questionnaire; any financial statements ? A. Yes.

THE COMMISSIONER: That is 1020.

EXHIBIT No. 1020: Answers to questionnaire by Bates & Innis Limited.

10 MR. McRUER: Financial statements of Bates & Innis Limited from 1916 to 1935.

THE COMMISSIONER: 1021.

EXHIBIT No. 1021 : Financial statements of Bates & Innis Limited from 1916 to 1935.

15 THE WITNESS: The Barrymore Cloth Company did not publish annual statements prior to -- after 1925, and the same with the Campbellford Cloth Company. These were the statements prior.

20 BY MR. McRUER: Q. Any statements of Bates & Innis ? A. Yes, you just put them in.

Q. Oh yes, quite; then the next is the Brook Woollen Company of Simcoe. We have that in.

THE COMMISSIONER: We have that in ?

25 MR. McRUER: Yes, that was put in in connection with the previous exhibit. It was one of the individual companies.

THE COMMISSIONER: Oh, I see, all right.

MR. McRUER: The next is the Campbellford Cloth Company Limited, answers to the questionnaire.

30 SECRETARY WHITELEY: Isn't that a subsidiary of the Barrymore ?

THE WITNESS: It is a subsidiary of the Toronto Carpet Company.

MR. McRUER: It is on here in alphabetical order.

THE COMMISSIONER: That is the questionnaire ?

5 MR. McRUER: Yes, my lord.

THE COMMISSIONER: 1022.

EXHIBIT No. 1022: Answers to questionnaire by Campbellford Cloth Company.

MR. McRUER: And the financial statements from 1923 to 1925.

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THE COMMISSIONER: The same company ?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: 1923 to 1925 ?

MR. McRUER: Yes, my lord.

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EXHIBIT No. 1023: Financial statements of Campbellford Cloth Company from 1923 to 1925.

MR. McRUER: Mr. Howsin informs me that the Barrymore Cloth Company and the Campbellford Cloth Company are both subsidiaries of the Toronto Carpet Company and they do not publish financial statements; they have not published them ? A. No, these were just copies they prepared for me prior to the period covered by the questionnaire.

20

Q. Now, the next is -- A. Dominion Woollens is in, the Forbes Company is in.

25

A. The next is Dupont Textiles Limited, answers to the questionnaire.

THE COMMISSIONER: That is 1024.

EXHIBIT No. 1024: Answers to questionnaire by Dupont Textiles Limited.

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MR. McRUER: And the financial statements of the

THE WITNESS: It is a subsidiary of the Toronto

Garment Company.

Q. Now, is it on here in alphabetical order

the questionnaires? What is the questionnaire?

A. Yes, it is.

Q. Now, is it on here in alphabetical order

the questionnaires? What is the questionnaire?

Q. Now, is it on here in alphabetical order

1983 to 1985.

Q. Now, is it on here in alphabetical order

the questionnaires? What is the questionnaire?

Q. Now, is it on here in alphabetical order

the questionnaires? What is the questionnaire?

Q. Now, is it on here in alphabetical order

the questionnaires? What is the questionnaire?

Q. Now, is it on here in alphabetical order

the questionnaires? What is the questionnaire?

Q. Now, is it on here in alphabetical order

the questionnaires? What is the questionnaire?

Q. Now, is it on here in alphabetical order

the questionnaires? What is the questionnaire?

Q. Now, is it on here in alphabetical order

the questionnaires? What is the questionnaire?

Q. Now, is it on here in alphabetical order

the questionnaires? What is the questionnaire?

Q. Now, is it on here in alphabetical order

the questionnaires? What is the questionnaire?

Q. Now, is it on here in alphabetical order

same company from 1926 to 1935.

THE COMMISSIONER: 1025.

EXHIBIT No. 1025: Financial statements of
Dupont Textiles Limited
from 1926 to 1935.

5 MR. McRUER: The Filature -- A. No, those are
their financial statements, no questionnaire.

A. No answers to the questionnaire, the finan-
cial statement.

MR. BEAUREGARD: What is the name of it ?

10 MR. McRUER: La Filature du Saguenay.

THE COMMISSIONER: The financial statements ?

MR. McRUER: Yes, my lord, from 1932 to 1935.

THE COMMISSIONER: 1026.

15 EXHIBIT No. 1026: Financial statements of
La Filature du Saguenay
from 1932 to 1935.

MR. McRUER: Glen Woollen Mills Limited, answers
to questionnaire.

THE COMMISSIONER: 1027.

20 EXHIBIT No. 1027: Answers to questionnaire
by Glen Woollen Mills
Limited.

MR. McRUER: Financial statements of the same
company from 1926 to 1935 .

THE COMMISSIONER: 1028.

25 EXHIBIT No. 1028: Financial statements of
Glen Woollen Mills
Limited from 1926 to
1935.

MR. McRUER: The Guelph Carpet & Spinning Mills
Limited, answers to the questionnaire.

30 THE COMMISSIONER: Pardon me a minute, Guelph
Carpet & Worsted Spinning Mills, 1029.

THE CHIEF OF POLICE

TO THE CHIEF OF POLICE

Financial statements of
Robert Bridge Limited
from 1982 to 1985.

RE: THE CHIEF OF POLICE

Financial statements, no questionnaires.

no answers to the questionnaires, the finan-

cial statement.

MR. BRIDGE: What is the name of it?

MR. BRIDGE: Is this in English?

THE CHIEF OF POLICE: The financial statements?

MR. BRIDGE: Yes, my lord, from 1982 to 1985.

THE CHIEF OF POLICE: 1985.

EXHIBIT No. 1082: Financial statements of
Robert Bridge Limited
from 1982 to 1985.

EXHIBIT No. 1082: Financial statements of

to questionnaires.

THE CHIEF OF POLICE: 1985.

EXHIBIT No. 1087: Answers to questionnaires
by Glen Keeler and
limited.

MR. BRIDGE: Financial statements of the same

company from 1980 to 1985.

THE CHIEF OF POLICE: 1985.

EXHIBIT No. 1088: Financial statements of
Glen Keeler and
limited from 1980 to
1985.

MR. BRIDGE: The Glen Keeler & Spinning Mills

limited, answers to the questionnaires.

THE CHIEF OF POLICE: Financial statements of the same

company from 1980 to 1985.

EXHIBIT No. 1089: Financial statements of the same

EXHIBIT No. 1029: Answers to questionnaire,
Guelph Carpet & Worsted
Spinning Mills Limited.

MR. McRUER: And the financial statements from
1929 to 1935.

5 THE COMMISSIONER: 1030.

EXHIBIT No. 1030: Financial statements of
Guelph Carpet & Worsted
Spinning Mills from 1929
to 1935.

MR. McRUER: Hield Brothers Limited, answers to
the questionnaire.

10 EXHIBIT No. 1031: Answers to questionnaire
by Hield Bros. Limited.

BY MR. McRUER: Q. No financial statements for
Hield Bros.? A. No, it is a branch of the
English company.

15 Q. Horn Brothers Woollen Company Limited --

THE COMMISSIONER: Hield Bros. is 1031 and
Horn Bros. questionnaire?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: 1032.

20 EXHIBIT No. 1032: Answers to questionnaire
by Horn Bros. Woollen
Company Limited.

MR. McRUER: Financial statements from 1905 to
1935.

25 THE COMMISSIONER: 1905?

MR. McRUER: 1905 to 1935.

EXHIBIT No. 1033: Financial statements of
Horn Brothers Woollen
Company Limited from
1905 to 1935.

MR. McRUER: J. A. Humphrey & Sons Limited, answers
to questionnaire.

THE COMMISSIONER: The last one was 1033 and this

Answers to questionnaires
by Joseph G. G. & G. G.
Spinning Mills Limited.

Answers to the financial statements from

1935 to 1938.

THE COMMISSIONER: 1935.

Answers to questionnaires
by Joseph G. G. & G. G.
Spinning Mills Limited.
1935 to 1938.

Answers to the financial statements from

the questionnaires.

Answers to questionnaires
by Joseph G. G. & G. G.
Spinning Mills Limited.

Answers to the financial statements from

1935 to 1938.

Answers to the financial statements from

1935 to 1938.

Answers to the financial statements from

1935 to 1938.

Answers to the financial statements from

Answers to questionnaires
by Joseph G. G. & G. G.
Spinning Mills Limited.

Answers to the financial statements from

1935 to 1938.

Answers to the financial statements from

1935 to 1938.

Answers to questionnaires
by Joseph G. G. & G. G.
Spinning Mills Limited.

1935 to 1938.

Answers to the financial statements from

Answers to the financial statements from

one will be 1034.

EXHIBIT No. 1034: Answers to questionnaire
by J.A.Humphrey & Sons
Limited.

MR.McRUER: Financial statements from 1924 to
1936 inclusive.

THE COMMISSIONER: The same company ?

MR.McRUER: Yes, my lord.

THE COMMISSIONER; 1035.

EXHIBIT No. 1035: Financial statements of
J.A.Humphrey & Sons Limited
from 1924 to 1936.

MR.McRUER: Leach Textiles Limited, answers to
questionnaire.

THE COMMISSIONER: 1036.

EXHIBIT No. 1036: Answers to questionnaire
by Leach Textiles Limited.

BY MR.McRUER: Q. Any financial statements ?
A. No financial statements.

Q. No financial statements; Maitland Spinning
Mills Limited-- that is the Mercury ? A. No, it
is a subsidiary of Mercury.

THE COMMISSIONER: Is this the questionnaire.

BY MR.McRUER: Q. Has Mercury been filed ?

A. Not yet, it is in the knitting.

Q. This is answers to questionnaire for Maitland
Spinning Mills Limited ?

THE COMMISSIONER: 1037.

EXHIBIT N o. 1037: Answers to questionnaire
by Maitland Spinning
Mills Limited.

BY MR.McRUER: Q. Any financial statements?

A. Yes.

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1930

Answers to questionnaires
of the
limited.

Mr. McNair: Financial statements from 1924 to

1930 inclusive.

Mr. McNair: The same company?

Mr. McNair: Yes, the same.

Mr. McNair: 1924 to 1930.

Financial statements of
J.A. McNair & Sons Limited
from 1924 to 1930.

1924 to 1930.

Mr. McNair: Leach Textiles Limited, answers to

questionnaires.

Mr. McNair: 1924 to 1930.

Answers to questionnaires
by Leach Textiles Limited.
1924 to 1930.

1924 to 1930.

BY MR. McNair: Any financial statements?

A. No financial statements.

Mr. McNair: Financial statements, Leach Textiles Limited.

Mr. McNair: That is the McNair? A. No, it

is a subsidiary of McNair.

THE COMMISSIONER: Is this the questionnaires.

BY MR. McNair: Has McNair been filed?

A. Not yet, it is in the knitting.

6. This is answers to questionnaires for McNair

Leach Textiles Limited.

Mr. McNair: 1924 to 1930.

1924 to 1930.

by McNair & Sons Limited
1924 to 1930.

Mr. McNair: 1924 to 1930.

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Q. Financial statements from 1931 to 1935.

EXHIBIT No. 1038: Financial statements of
Maitland Spinning Mills
Limited from 1931 to 1935.

5 MR. McRUER: National Textiles Limited, answers
to questionnaire.

THE COMMISSIONER: National Textiles Limited,
1039.

EXHIBIT No. 1039: Answers to questionnaire,
National Textiles Limited.

10 MR. McRUER: Financial statements from 1931 to
1935 inclusive.

THE COMMISSIONER: 1040.

EXHIBIT No. 1040: Financial statements of
National Textiles Limited,
from 1931 to 1935.

15 MR. McRUER: Northern Textiles Limited, finan-
cial statements only from 1931 to 1935.

THE COMMISSIONER: 1041.

EXHIBIT No. 1041: Financial statements of
Northern Textiles Limi-
ted, from 1931 to 1935.

20 MR. McRUER: Oxford Woollen Mills Limited, finan-
cial statements only for 1934 and 1935.

EXHIBIT No. 1042: Financial statements of
Oxford Woollen Mills
Limited for 1934 and
1935.

25 MR. McRUER: Paris Wincey Mills, we have them in,
Paton Manufacturing Company is in, Patons & Baldwins
is in. George Pattinson & Company Limited, answers
to questionnaire.

THE COMMISSIONER: 1043.

30 EXHIBIT No. 1043: Answers to question-
naire by George Pattin-
son & Company Limited.

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13072

Howson

BY MR. McRUER: Q. Any financial statements for
George Pattinson ? A. No.

Q. Porritts & Spencer Canada Limited, answers
to questionnaire.

5 THE COMMISSIONER: 1044.

EXHIBIT No. 1044: Answers to questionnaire
by Porritts & Spencer
Canada Limited.

MR. McRUER: Financial statements for the same
company from 1921 to 1935.

10 THE COMMISSIONER: 1045.

EXHIBIT No. 1045: Financial statements
of Porritts & Spencer
Canada Limited from
1921 to 1935.

MR. McRUER: Renfrew Textiles Limited, answers
15 to questionnaire.

THE COMMISSIONER: 1046.

EXHIBIT No. 1046: Answers to questionnaire
by Renfrew Textiles Limited.

MR. McRUER: Financial statements of the same
20 company from 1919 to 1935.

THE COMMISSIONER: 1919 to 1935 ?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: 1047.

25 EXHIBIT No. 1047: Financial statements
of the Renfrew Textiles
Limited from 1919 to
1935.

MR. McRUER: Renfrew Woollen Mills Limited,
answers to questionnaire. A. It is a subsidiary
of the M. J. O'Brien Company.

30 THE COMMISSIONER: 1048.

EXHIBIT No. 1048: Answers to questionnaire

19078

Hewson

BY MR. McNEIL: Any financial statements for

the year 1955?

Q. Yes, I have them, I have them.

to question him.

THE COURT: All right.

BY MR. McNEIL: I have them, I have them.

Q. Yes, I have them, I have them.

THE COURT: All right.

company from 1951 to 1955.

THE COURT: All right.

BY MR. McNEIL: I have them, I have them.

Q. Yes, I have them, I have them.

THE COURT: All right.

to question him.

THE COURT: All right.

BY MR. McNEIL: I have them, I have them.

Q. Yes, I have them, I have them.

THE COURT: All right.

company from 1951 to 1955.

THE COURT: All right.

BY MR. McNEIL: I have them, I have them.

THE COURT: All right.

BY MR. McNEIL: I have them, I have them.

Q. Yes, I have them, I have them.

THE COURT: All right.

to question him.

THE COURT: All right.

THE COURT: All right.

BY MR. McNEIL: I have them, I have them.

by Renfrew Woollen Mills
Limited.

MR. McRUER: Then, certain financial statements
for the years 1931, 1932, and a sixteen-month period
to April 30th, 1934 and for 1935.

THE COMMISSIONER: What company?

MR. McRUER: Of the Renfrew Woollen Mills, and
the financial statements --

THE COMMISSIONER: That last one is 1049.

MR. McRUER: They will all go in together, my lord.

THE COMMISSIONER: For the same company, all
right.

MR. McRUER: Also the financial statements from
1918 to 1936 of the M.J. O'Brien Company Limited.

THE COMMISSIONER: Is that a subsidiary?

MR. McRUER: Well, Renfrew Woollen Mills is a
subsidiary of M.J. O'Brien and the M.J. O'Brien Company's
financial statements disclosed the affairs of the
Renfrew Woollen Mills Limited; is that correct?

THE COMMISSIONER: You have already given me the
financial statements of the Renfrew Woollen Mills.

THE WITNESS: These statements from the M.J.
O'Brien Company show a copy of their investment account
covering the Renfrew Woollen Mills investment.

BY MR. McRUER: Q. It is all tied up together?
A. They are all part of the information in respect to
the Renfrew Woollen Company.

THE COMMISSIONER: All right, that will be another
part of Exhibit No. 1049.

EXHIBIT No. 1049: Financial statements of
Renfrew Woollen Mills and
financial statements of

by Andrew Woolley Mills

Then, certain financial statements for the years 1931, 1932, and a sixteen-month period to April 30th, 1934 and for 1935.

THE COMMISSIONER: What company?

Woolley Mills, Inc.

the financial statements --

THE COMMISSIONER: That last one is 1940.

MR. WOLLEY: They will all go in together, my lord.

THE COMMISSIONER: For the same company, all

right.

MR. WOLLEY: Also the financial statements from

1918 to 1936 of the W.L. O'Brien company limited.

THE COMMISSIONER: Is that a subsidiary?

Woolley Mills, Inc.

subsidiary of W.L. O'Brien and the W.L. O'Brien company

financial statements disclosed the affairs of the

Andrew Woolley Mills limited; is that correct?

THE COMMISSIONER: You have already given me the

financial statements of the Andrew Woolley Mills.

THE COMMISSIONER: What investment is that?

O'Brien company show a copy of their investment

covering the Andrew Woolley Mills investment.

BY MR. WOLLEY: It is all tied up together?

THE COMMISSIONER: Yes, it is all tied up together.

THE COMMISSIONER: Yes, it is all tied up together.

THE COMMISSIONER: Yes, it is all tied up together.

THE COMMISSIONER: Yes, it is all tied up together.

THE COMMISSIONER: Yes, it is all tied up together.

THE COMMISSIONER: Yes, it is all tied up together.

THE COMMISSIONER: Yes, it is all tied up together.

the M.J.O'Brien Company
Limited.

MR. McRUER: Rosamond Woollen Company Limited,
answers to questionnaire.

5 THE COMMISSIONER: What is this, the question-
naire ?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: That is 1050.

EXHIBIT No. 1050: Answers to questionnaire
by Rosamond Woollen Company
Limited.

10 MR. McRUER: Financial statements from 1871 to
1936.

THE COMMISSIONER: The same company ?

MR. McRUER: Of the same company.

15 THE COMMISSIONER: 1051.

EXHIBIT No. 1051: Financial statements of
Rosamond Woollen Company
from 1871 to 1936.

MR. McRUER: St. George Woollen Mills Limited.

20 THE COMMISSIONER: What is that, the question-
naire ?

MR. McRUER: No, financial statements, my lord,
from 1931 to 1935. There is attached to this a letter
with the request that the balance sheets be returned
to the company as they are the only ones they have on
25 hand. You might just make a note of that in the margin
and it may be we can arrange to have them copied.

MR. KELLOCK: What is the last one ?

THE COMMISSIONER: St. George.

MR. KELLOCK: The questionnaire ?

30 THE COMMISSIONER: No, financial statements from
1931 to 1935, Exhibit 1052.

The J. I. Wilson Company
Limited.

Witness: [illegible]

answers to questionnaires.

THE COMMISSIONER: What is this, the question-

naire?

MR. BRIDIE: Yes, my lord.

THE COMMISSIONER: What is this?

MR. BRIDIE: Answers to questionnaires.

Limited.

MR. BRIDIE: Financial statements from 1971 to

1972.

THE COMMISSIONER: You have said that

the company is not a company.

THE COMMISSIONER: 1971.

MR. BRIDIE: Financial statements from

1971 to 1972.

From 1971 to 1972.

MR. BRIDIE: Financial statements from 1971 to

THE COMMISSIONER: What is that, the question-

naire?

MR. BRIDIE: No, financial statements, my lord.

You said at 1971, there is a question in this matter

with the request that the balance sheets be returned

to the company as they are the only ones they have on

hand. You might just make a note of that in the margin

and it may be we can arrange to have them copied.

MR. BRIDIE: Yes, my lord.

THE COMMISSIONER: All right.

MR. BRIDIE: Yes, my lord.

THE COMMISSIONER: Mr. Bridie, is this correct?

1971 to 1972, 1971 to 1972.

EXHIBIT No. 1052: Financial statements of
St. George Woollen Mills
from 1931 to 1935.

MR. McRUER: St. Johns Textile Company, answers
to questionnaire.

5

THE COMMISSIONER: 1053.

EXHIBIT No. 1053: Answers to questionnaire
by St. Johns Textile Com-
pany.

BY MR. McRUER: Q. Any financial statements ?

A. Yes.

10

Q. Financial statements from 1931 to 1935.

EXHIBIT No. 1054: Financial statements of
St. Johns Textile Company
from 1931 to 1935.

MR. McRUER: Slingsby Manufacturing Company
Limited, Answers to the questionnaire.

15

THE COMMISSIONER: 1054- - I am wrong, the last
one was 1054. This is 1055. St. Johns Textile Company
questionnaire is 1053. St. Johns financial statements
is 1054 and this is 1055.

20

EXHIBIT No. 1055: Answers to questionnaire
by Slingsby Manufacturing
Company Limited.

BY MR. McRUER: Q. We have no financial state-
ments of Slingsby ? A. No.

25

Q. Then, answers to the questionnaire of the
Tayside Textiles Limited.

THE COMMISSIONER: 1056.

EXHIBIT No. 1056: Answers to questionnaire
by Tayside Textiles Limited.

30

BY MR. McRUER: Q. Any financial statements for
Tayside ? A. Yes.

Q. Financial statements of Tayside Textiles Limited,

Financial statements of
1981 to 1983.

EXHIBIT No. 1033: answers to questionnaires

BY MR. MONTGOMERY: Q. Any financial statements?

A. Yes.

Financial statements from 1981 to 1983.

EXHIBIT No. 1034: Financial statements of

from 1981 to 1983.

MR. MONTGOMERY: Q. Any financial statements?

limited, answers to the questionnaires.

one was 1034. This is 1035. St. John's Textile Company

is 1034 and this is 1035.

EXHIBIT No. 1035: answers to questionnaires

by St. John's Textile Company limited.

BY MR. MONTGOMERY: Q. We have no financial state-

ments of St. John's?

Q. Then, answers to the questionnaires of the

St. John's Textile Company limited.

THE COMMISSIONER: 1036.

EXHIBIT No. 1036: answers to questionnaires

for financial statements for

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from April , 1926 to 1936.

THE COMMISSIONER: 1057.

EXHIBIT No. 1057: Financial statements of
Tayside Textiles Limited,
from 1926 to 1936.

5

MR. McRUER: Thorburn Woollen Mills Limited.

THE COMMISSIONER: It is Thoburn.

MR. McRUER: Yes, quite right, financial state-
ments only from 1931 to 1935.

THE COMMISSIONER: 1058.

10

EXHIBIT No. 1058: Financial statements of
Thoburn Woollen Mills
Limited from 1931 to 1935.

MR. McRUER: York Knitting Mills Limited, answers
to questionnaire.

THE COMMISSIONER: 1059.

15

EXHIBIT N o. 1059: Answers to questionnaire
by Yrok Knitting Mills
Limited.

BY MR. McRUER: Q. Any financial statements ?

A. No financial statements.

20

Q. So that completes the list, does it not, Mr.
Howson, with the ones we have already filed ? A. Yes.

Q. Now, in dealing with these companies, Mr.
Howson, you have dealt with them in two different
ways ? A. Yes.

25

. The first portion of your summary deals with
the --

THE COMMISSIONER: Mr. McRuer, excuse me a moment,
please; all right, go on.

30

BY MR. McRUER: Q. -- deals with the companies
with the Dominion Woollens & Worstedes included ?

A. Yes, sir.

Q. Now, you say that the first portion of your summary deals with the period from 1931 to 1935.

A. Yes, that is correct.

Q. And you say that the second portion of your summary deals with the period from 1936 to 1940.

A. Yes, that is correct.

Q. Now, you say that the third portion of your summary deals with the period from 1941 to 1945.

A. Yes, that is correct.

Q. Now, you say that the fourth portion of your summary deals with the period from 1946 to 1950.

A. Yes, that is correct.

Q. Now, you say that the fifth portion of your summary deals with the period from 1951 to 1955.

A. Yes, that is correct.

Q. Now, you say that the sixth portion of your summary deals with the period from 1956 to 1960.

A. Yes, that is correct.

Q. Now, you say that the seventh portion of your summary deals with the period from 1961 to 1965.

A. Yes, that is correct.

Q. Now, you say that the eighth portion of your summary deals with the period from 1966 to 1970.

A. Yes, that is correct.

Q. Now, you say that the ninth portion of your summary deals with the period from 1971 to 1975.

A. Yes, that is correct.

Q. Now, you say that the tenth portion of your summary deals with the period from 1976 to 1980.

A. Yes, that is correct.

Q. Now, you say that the eleventh portion of your summary deals with the period from 1981 to 1985.

A. Yes, that is correct.

Q. Now, you say that the twelfth portion of your summary deals with the period from 1986 to 1990.

A. Yes, that is correct.

Q. Now, take pages one-- or tables one, two, three, four, five and six, they deal with all the companies with the Dominion Woollens & Worsteds included ?

A. Yes, sir.

5 Q. The remaining tables in this exhibit deal with the companies enumerated with the Dominion Woollens & Worsteds excluded ?

A. Yes.

Q. Now, the Dominion Woollens & Worsteds were a large merger of --

A. Excuse me, Mr. McRuer--

10 yes, that is right.

Q. Pardon ?

A. The last couple of statements there, they just cover representative companies in the woollen trade. Dominion Woollens is excluded from that too as well.

15 Q. But the last two pages cover what you call certain representative companies ?

A. Yes.

Q. Well, I will come to those. The Dominion Woollens and Worsteds were a merger of several companies, was it not ?

A. Yes sir.

20 Q. What companies were absorbed by the Dominion Woollens and Worsteds ?

A. There was really two or three steps. The original merger consisted of the Standard Woollen Company, the Auburn Woollen Company and the Bonner Worth Mills into the Canadian Woollens Company. Then, the Canadian Woollens Company took in Milton Spinners and the Otonabee Mills, and then the Canadian Woollens and the R. Forbes Company were merged into the Dominion Woollens & Worsteds. I think that is the order in which it comes.

25 Q. And this merger went through when ?

A. In

Q. Now, I am going to ask you -- or rather one, two, three
four, five and six, they deal with all the companies
with the Dominion Woolens & Worsters
A. Yes, sir.

Q. The remaining tables in this exhibit deal with
the companies enumerated with the Dominion Woolens
A. Yes.

Q. Now, the Dominion Woolens & Worsters were a
large part of --
Yes, that is right.

Q. The last couple of at least
there, they just cover representative companies in the
woolen trade. Dominion Woolens is excluded from
that too as well.

Q. But the last two pages cover what you call
certain representative companies?
A. Yes.

Q. Well, I will come to those. The Dominion
Woolens and Worsters were a part of several com-
panies, was it not?

Q. What companies were absorbed by the Dominion
Woolens and Worsters?

Q. It was really two
or three steps. The original merger consisted of the
Canadian Woolens Company, the Canadian Worsters
Company. Then, the Canadian Woolens Company took in

the Canadian Worsters Company, and then the
Canadian Woolens Company took in the Canadian
Worsters Company, and then the Canadian Woolens
Company took in the Canadian Worsters Company.

1929, I think it was. May I have Dominion Woollens questionnaire, please ?

5 Q. Well, just while we are waiting for that I have, my lord, quite a long memorandum from the files of the Dominion Woollens & Worsteds secured by Mr. Walton that rather reviews the business activities of this company, and as we are dealing with the financial affairs as disclosed by Mr. Howson I want to make some reference to this. It is a memorandum prepared by
10 the Bank of Montreal, by Mr. G.I. Evans, 56 John Street, North, Hamilton, Ontario, and I want to put it on the record as an Exhibit.

15 THE COMMISSIONER: You are making an exhibit out of it ?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: How would you describe it ?

MR. McRUER: It is a memorandum in regard to the Dominion Woollens & Worsteds limited by G.I. Evans.

20 THE COMMISSIONER: G. I. Evans ?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: Has it got any date ? When was it made ?

25 MR. McRUER: Yes, I think it has, 11th of January, 1936.

THE COMMISSIONER: It will be Exhibit 1060.

EXHIBIT No. 1060: Memorandum re Dominionn Woollens & Worsteds by G.I. Evans of Bank of Montreal.

30 MR. McRUER: I want to refer to certain portions of it:

1982, I think it was. May I have Dominion Bookings

CONFIDENTIAL, please?

Well, just while we are waiting for that I have
my lord, please a long memorandum from the files of the
Dominion Bookings & Warrants secured by Mr. Walton
that rather reviews the business activities of this
company, and as we are dealing with the financial af-
fairs as disclosed by Mr. Howson I want to make some
reference to this. It is a memorandum prepared by
the Bank of Montreal, by Mr. G.I. Evans, 55 John Street
North, Hamilton, Ontario, and I want to put it on the
record as an exhibit.

THE COMMISSIONER: You are making an exhibit of
of it?

Yes, my lord.

THE COMMISSIONER: How would you describe it?
MR. HOWSON: It is a memorandum in regard to the
Dominion Bookings & Warrants limited by G.I. Evans.

THE COMMISSIONER: G.I. Evans?

MR. HOWSON: Yes, my lord.

THE COMMISSIONER: Has it got any date? When was
it made?

MR. HOWSON: Yes, I think it was, 11th of June.

1982.

THE COMMISSIONER: It will be Exhibit 1000.

EXHIBIT No. 1000: Memorandum re Dominion
Bookings & Warrants by
G.I. Evans of Bank of
Montreal.

MR. HOWSON: I want to refer to certain portions

13079

Howson

"DOMINION WOOLLENS AND WORSTEDS LIMITED."

"General Organization. The Company have four mills in active operation as follows:

- (1) Hespeler Mill, Hespeler.
- (2) Bonner Worth Mill, Peterborough.
- (3) Orillia Mill, Orillia.
- (4) Auburn Mill, Peterborough.

"The affairs of the Company are directed from the head office in Toronto by Mr. Henry Barrett, Managing Director, who confers with an executive committee of two directors, on matters of policy. The head office staff consists of 29 persons in the following divisions:

Sales Department.

Purchasing Department.

Secretary-Treasurer and Accounting.

"The Bonner Worth and Hespeler mills are in direct charge of mill managers and superintendents with a complete staff of accountants and supervisors. The Auburn mill is operated by a controller and superintendent with a staff of accountants and mill supervisors. The Orillia mill is included in the Bonner Worth division, the manager of which is responsible for its operations. Direct supervision is exercised by a mill superintendent and assistant but the accounting and invoicing is performed at the Bonner Worth mill.

"The responsible heads of the three principal mills, Auburn, Bonner Worth and Hespeler report directly to the managing-director.

General Organization. The Company have four

mills in active operation as follows:

(1) Hespeler Mill, Hespeler.

(2) Bonner North Mill, Bonner North.

(3) Auburn Mill, Auburn.

(4) Hespeler Mill, Hespeler.

The affairs of the Company are directed

from the head office in Toronto by Mr. Henry

Barnett, Managing Director, who confers with an

executive committee of two directors, on matters

of policy. The head office staff consists of

persons in the following divisions:

Sales Department.

Technical Department.

General Management Department.

"The Bonner North and Hespeler Mills are

directly managed by mill managers and superintendents

with a complete staff of accountants and

superintendents. The Auburn Mill is operated by a

controller and superintendent with a staff of

mill hands and mill superintendents.

Mill is included in the Bonner North division,

the manager of which is responsible for its

operations. Direct supervision is exercised

by a mill superintendent and assistant but the

accounting and invoicing is performed at the

Hespeler Mill.

The responsible heads of the three prin-

cipal mills, Auburn, Bonner North and Hespeler

report directly to the managing-director.

"Purpose of the merger."

"When the Company was organized in June, 1928, the general prospectus included the following:

5 (a) "The management estimate that the Consolidation should produce substantial economies as follows: Management and overhead expense, merchandising products, economy in designing and styling."

10 (b) "The Company will own and operate more woollen and worsted cards, spindles and looms than any other company in Canada."

15 (c) "The Company will own the only wool combing plant at present in operation in Canada and this plant to a considerable extent will provide the necessary tops which otherwise would require to be imported from Australia, Great Britain or the United States."

20 "One very definite purpose of the merger was, therefore, to improve the earning power of the constituent companies through the elimination of duplicated expenses.

25 "By reason of its ownership of more cards, spindles, looms and other equipment, the Company was to become the largest producer under single management, and in consequence would be able to exert a beneficial influence toward the stabilization of selling prices.

30 "It was intended to reduce costs by the production of the wool tops required in its

Report of the Auditor

"When the Company was organized in June,

1919, the General Management Limited the

(Following)

(a) "The management estimate that the Com-

pany would have been profitable in 1919.

also as follows: Management and overhead

expenses, including depreciation, during the

period of 1919-20.

(b) "The Company will now and operate more

economically and without waste, expenses and loss

than any other company in Canada."

(c) "The Company will own the only wool

combing plant at present in operation in Can-

ada and this plant to a considerable extent

will provide the necessary tools which other-

wise would have to be imported from

Australia, Great Britain or the United States

"One very definite purpose of the merger

was, therefore, to improve the turning power

of the constituent companies through the effi-

cient use of duplicated expenses.

"By reason of its ownership of more assets,

the Company, it was able to acquire the assets

was to become the largest producer under single

management, and in consequence would be able

to exert a beneficial influence toward the

stabilization of selling prices.

"At the same time the Company will be able

to obtain the best price for its wool.

13081

Howson

processing through its ownership of, at that time, the only wool combing plant in operation in Canada.

"The Company have been unsuccessful and since 1929 have suffered severe losses in each year excepting 1929, as follows:

Year Ended June 30th Loss after all charges

1929	126,992 Profit
1930	294,890
1931	577,851
1932	179,472
1933	759,735 x
1934	1,326
1935	490,159 xx

Loss 2,176,441
Less Bond Interest reversed 1934 264,625

Total Loss 1,911,816 "

THE COMMISSIONER: What is meant by Bond Interest Reversed ?

BY MR. McRUR: A. Do you know what that means, Mr. Howson ? A. They had a reorganization of their financial structure, and I think that is probably what it refers to.

A. In 1934 ? A. Yes.

BY THE COMMISSIONER: Q. Was a saving effectuated on bonds ? A. Yes, they cut down the bonds first and then later on they exchanged them for preferred stock. There were two reorganizations.

Q. They saved \$264,000.? A. Yes, that would be what it is, I think.

MR. McRUR: The net total loss, at any rate, as shown on this statement is \$1,911,816. Now, opposite 1933 where it showed a loss of 759,735. there is an "x", and the note below is

1938

Howson

proceeding through its ownership of, at that
time, the only wool combing plant in operation
in Canada.

"The Company have been unsuccessful and
since 1938 have suffered severe losses in each
year excepting 1938, as follows:

Year Ended June 30th Loss after all charges

1938	183,988
1939	184,000
1940	377,881
1941	184,000
1942	184,000
1943	184,000
1944	184,000
1945	184,000

Loss
Loss from interest receivable
1934 184,000

Total Loss 1,811,816 "

THE COMMISSIONER: What is meant by bond

Interest Received ?

Mr. Howson: A. No you know what that means,

Mr. Howson ? A. They had a reorganization of

their financial structure, and I think that is pro-

bably what it refers to.

A. In 1934 ? A. Yes.

Mr. Howson: A. Yes, that was the

on bonds ? A. Yes, they cut down the

bonds first and then later on they exchanged them for

preferred stock. There were two reorganizations.

A. They saved \$354,000 ? A. Yes, that was

as what it is, I think.

Mr. Howson: The net total loss, at any rate, as

shown on this statement is \$1,811,816. Now, of course

1938 where it showed a loss of 750,735. There is an

"x", and the note below is :

"Includes Depreciation for 1931 and 1932
of \$466,423 deducted from Surplus Account in
1933 statement,"

5 and opposite 1935, when the loss was 490,159 there
is an "xx", and the following note below:

"Includes additional depreciation for year
ended June 30, 1934 of \$110,513 deducted from
Surplus Account in 1935 statement."

10 "For details of bond interest, depreciation
and special charges see Schedule 1.

"At the close of the fiscal year ended June
30, 1935 the working capital of the Company had
15 been reduced through losses as follows",

and it shows a reduction of working capital from June
30, 1928 to June 30, 1935, amounting to \$2,623,400.

and it shows a table of liabilities, and the surplus
assets over liabilities on June 30, 1928 were
20 \$1,794,200. and in 1935 it was 490,000. or had been
reduced \$1,304,200.

"Although liabilities are reduced by
\$1,319,200. the reduction in assets is
\$2,623,400. a ratio of 2 to 1. A large part
25 of this loss is said to be due to obsolete merchan-
dise found in the inventories of the merged com-
panies but inventory losses still continue al-
though Mr. Barrett's letter of August 31st, 1932,
to the Bank's Toronto Manager, dealt with this
30 subject as follows:

"X", and the note below is :

"Includes Depreciation for 1931 and 1932

of \$108,483 deducted from Surplus account in

1933 statement."

and opposite 1935, when there was 400,180 there

is on "XX", and the following note below:

"Includes additional Depreciation for year

ended June 30, 1934 of \$110,518 deducted from

Surplus account in 1935 statement."

"For details of bond interest, depreciation

and special charges see Schedule I.

"At the close of the fiscal year ended June

30, 1935 the working capital of the company had

been reduced through losses as follows:

30, 1938 to June 30, 1935, amounting to \$2,883,400.

and it shows a table of liabilities, and the surplus

assets over liabilities on June 30, 1938 were

\$1,704,300. and in 1935 it was 400,000. or had been

reduced \$1,304,300.

"Although liabilities are reduced by

\$1,319,300. the reduction in assets is

\$2,883,400. a ratio of 2 to 1. A large part

5 The physical condition of this inventory is very much better than it was a year ago, as a large volume of the inactive raw materials have been converted into finished goods and sold. There still remains, however, raw material to the value of \$127,261.28 which is classed as inactive.

10 This we expect to be converted into finished goods and sold before the end of the present calendar year.

15 A further amount has been written off these inactive materials and we are confident they are now valued at an amount which can at least be fully realized.

20 'It has been necessary for us, during the period covered by the above report, to sell merchandise made from what we class as inactive materials at attractive prices, in order to dispose of these materials. Such operations, it can be readily understood, cannot be conducted profitably, and the losses which were made in liquidating these materials amounted to \$51,695.47, which

25 amount is included in the 'Inventory Adjustment' due to Depreciation in values during the year' of \$198,634.74.

30 'It is naturally very disturbing to the industry to have to dispose of large quantities of old, inactive inventory, but this phase of our operations is rapidly drawing

HOWSON

1938

*The physical condition of this inventory is very much better than it was a year ago, as a large volume of the inactive raw materials have been converted into finished goods and sold before the end of the present year.

ever, raw material to the value of \$127,861.88 which is classed as inactive.

This we expect to be converted into finished goods and sold before the end of the present

calendar year.

"A further amount has been written off these inactive materials and we are confident they are now valued at an amount which

can be sold at a profit.

"It has been necessary for us, during the period covered by the above report, to sell merchandise made from what we class as inactive materials at attractive prices, in order to dispose of these materials. Such operations, it can be readily understood, cannot be conducted profitably, and the losses which were made in liquidating these

materials amounted to \$51,695.47, which amount is included in the 'Inventory adjustment'

the year' of \$138,654.74.

"It is naturally very disturbing to the industry to have to dispose of large quantities of old, inactive inventory, but this

loss of our raw materials is largely covered

to a close and no further accumulation of
such materials can be made without the know-
ledge of the management."

Now, I proceed with Mr. Evans' observations.

5 "Nearly three and one half years have passed
since this letter was written and heavy losses are
still being incurred particularly at the Auburn
mill owing to large stocks of unsuitable raw
materials purchased since, that were worked up
10 and sold at a loss. Continued inventory adjust-
ments have been necessary for this reason or
from buying wool tops too far ahead incurring
loss through falling prices. The yearly inven-
tory adjustments set out in Schedule 1 total
15 \$399,566 since 1932.

"Following the merger in 1928, the Company
were particularly unfortunate in respect of its
general management and experienced five com-
plete changes in the period June 1928 to May
20 1931 when the present managing-director, Mr.
Henry Barrett, was appointed. During this period
committee management, and other forms of divided
responsibility were tried unsuccessfully.

25 "The lack of success of the merged Companies
was due at first to bad management and the loss
incidental to the clearing out of surplus in-
ventories and obsolete merchandise, and latterly
to failure to adhere to the original purposes
of the merger, particularly (a) to produce sub-
stantial economies, and (b) through its ownership
30 of large productive facilities to occupy a

now, I proceed with Mr. Burns' observations.

"Nearly three and one half years have passed since this letter was written and heavy losses are still being incurred particularly at the Auburn mill owing to large stocks of unsalable raw materials purchased since, that were worked up and sold at a loss. Continued inventory adjustments have been necessary for this reason or from buying wool tops too far ahead incurring the heavy falling prices. The wool inventory adjustments set out in Schedule I total \$339,566 since 1928.

"Following the merger in 1928, the Company were particularly unfortunate in respect of its General management and experienced five complete changes in the period June 1928 to May 1931 when the present managing-director, Mr. [Name], was appointed. During this period committee management, and other forms of divided responsibility were tried unsuccessfully.

"The lack of success of the various committees was due at first to bad management and the loss incidental to the clearing out of surplus inventories and obsolete merchandise, and latterly to the failure to secure the required supplies at the lowest possible prices. (1) In 1931 the company was in a position to pay off its liabilities and (2) to pay the dividends.

dominant position in the industry.

"Instead of the expected expense reductions, large increases have taken place and the separate units are distinctly 'high overhead mills'. Instead of furnishing leadership in merchandizing, the Company have adopted policies that have kept price levels down.

"Whatever may have been the potentialities of (c) the production of wool tops, the Company, through losses, were soon in no position to finance operations in this department.

"Hespeler Mill. This is the largest and should be the most profitable unit in the group. A diversified line of products is manufactured as follows:

"Worsted cloth, woollen cloth, wool tops (Commission) Worsted yarn, woollen yarn, hand knitting yarn, knit goods.

"The number of mill employees in recent months has increased to 850 or more since April when 650 were on the pay roll. Sales of products for the five months to November 30th increased from \$567,804. to \$756,624. or 33% compared with last year.

"The general condition of the mill buildings and other structures is fair to good, and maintenance costs are not excessive. Approximately 70,000 square feet of space is unused except for the temporary storage of wool and raw materials used in the commission wool top division.

...ant position in the industry.

"Instead of the expected expense reduction,

...a, these expenses have taken place and the

...as well as the relatively high one has

...the company have accepted this

...that have not been levels down.

"However, we have seen the reduction

of (c) the production of work done, the company,

through losses, were seen in no position to

finance operations in this department.

Investment. This is the largest and most

...the most profitable unit in the group. A dis-

...the line of investment is made as

...

...the line of investment is made as

...the line of investment is made as

...

"The number of full employees in recent

months has increased to 180 or more since April

when 180 were on the pay roll. Most of the

...the line of investment is made as

...the line of investment is made as

...

"The general condition of the full employees

and other employees is that of good, and minimum

...the line of investment is made as

...the line of investment is made as

...the line of investment is made as

...the line of investment is made as

Worsted and wool spinning departments are running well up to capacity, but production in the weaving and hand knit yarn sections can be considerably increased.

5 "The condition of the machinery leaves much to be desired as there are many old machines on which the maintenance cost is high. Labour for plant maintenance is budgetted for the fiscal year ending June 30, 1936, at \$9,698. and materials \$33,840. Production and good work is dependent on constant maintenance of the old machinery. New equipment installed during the fiscal year 1934-5 amounted to \$13,636. Machines that should be replaced if the Company were in
10 a position to do so include some of the carding and knitting machines and old type looms to a total of at least \$100,000. Fuel costs are high amounting to \$42,000 during the last fiscal year, but the boiler plant of six horizontal
15 return tubular boilers is well equipped with stokers, coal and ash handling machinery. This plant, of its kind, is operating efficiently, the average evaporation per pound of coal is approximately ten pounds. Insufficient in-
20 sulation on pipes and long distance transmission of steam contribute to the high fuel cost.

 "Water softening equipment is satisfactory, and all processing water is treated.

25 "Air moistening apparatus is out of date and unsatisfactory, adding, in some extent, to

1941

located and wool spinning departments are running well up to capacity, but production in the heavy and hand knit yarn sections can be considerably increased.

"The condition of the machinery leaves much to be desired as there are many old machines on which the maintenance cost is high. About for plant maintenance is budgeted for the fiscal year ending June 30, 1942, at \$2,000, and for the fiscal year ending June 30, 1943, at \$2,000. Production and good work is

dependent on constant maintenance of the old machinery. New equipment installed during the fiscal year 1934-5 amounted to \$10,000. Machines that should be replaced if the company were in a position to do so include some of the carding and knitting machines and old type looms to a total of at least \$100,000. Fuel costs are

high amounting to \$42,000 during the last fiscal year, but the boiler plant of six horizontal return tubular boilers is well equipped with stokers, coal and ash handling machinery. This plant, of its kind, is operating efficiently, the average evaporation per pound of coal is approximately ten pounds.

Insulation on pipes and long distance transmission of steam contribute to the high fuel cost.

The following figures are for the year ending June 30, 1941.

The following figures are for the year ending June 30, 1942, adding, in some extent,

1

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25

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the cost of production.

"This mill is over-staffed; supervisors and clerical staff are as follows:

	Number of Persons	Amount paid 3 mos. to Sept. 30th
Manager, salary and expenses	1	\$ 1,417
Superintendents, salaries and expenses	7	6,670
Engineer	1	787
Office Manager	1	651
Foremen	30	11,311
Accounting Department	25	3,953
Clerical Staff	26	6,081
Designing	4	1,724
Laboratory	1	412
	96	33,006
Per year		\$132,024

"The elaborate system of cost accounting in use makes this large staff of accountants and clerks necessary in compiling records and information for the Head Office, much of which serves no useful purpose. Supervision of operations is exercised by the Manager, seven superintendents and thirty foremen. The staff of non producers has been increased extensively since the late Mr. Forbes operated the mill, and is entirely out of line with sales of \$1,507,000. in the last fiscal year when the cost of the staff at \$116,000. was 7.7% of the total sales.

"Although this mill is the most important of the group, its earning record in recent years is bad as follows:

Goldenberg to \$600 a ft

<u>Year ended</u> <u>June 30th</u>	<u>Loss after all</u> <u>charges</u>
1931	325,076
1932	111,073
1933	142,414
1934	48,568
1935	152,159
Total loss since 1931	
779,290 "	

Just to interject a question there, Mr. Howson; from your perusal of the statements furnished you in relation to the Forbes mill before the merger had it been a mill that had operated profitably ? A. Very profitably.

Q. "Note:

"For detail of Bond Interest, Depreciation and special charges see Schedule 2.

"During the year ended June 30th, 1935 cloth sales from the Hespeler mill of \$970,900 were 65% of the total and the profit on this important amount was only \$24,500 before inventory adjustments, bad debts, bond interest and depreciation. The largest cloth sales are in serges and boys tweeds and sales of these goods for the first 5 months of the present fiscal year",

and then is set out a table of Profit or Loss before selling and administration expense, and it shows a consistent loss over these months.

"A loss before selling and administration charges was incurred in each month. The average selling price of the serges is \$1.47 per yard in the five months' period, whereas in a circular dated November 1st, 1935, issued by the Woollen Association, it is stated the 1935 price of 16 oz.

Loss after all

expenses

283,078

111,073

148,414

10,333

183,189

Loss after all

expenses

183,189

111,073

148,414

10,333

183,189

183,189

183,189

that to interject a question there, Mr. Bowson; from
your personal of the statements furnished you in rela-
tion to the Forbes will before the matter had it been
will that had operated profitably? A. Very

profitably.

Q. Note:

"For detail of how interest, D. speculation a
special charges are included B.

"During the year ended June 30th, 1935 cloth

which from the statement will be 183,189

65% of the total and the profit on this important
amount was only \$24,500 before inventory adjust-
ments, bad debts, bond interest and depreciation.

The largest cloth sales are in serges and boys

tweeds and sales of these goods for the first

6 months of the present fiscal year."

and then is set out a table of Profit or Loss before

selling and administration expense, and it shows a

loss before selling and administration

charges was incurred in each month. The average

selling price of the serges is \$1.45 per yard

is the same as the selling price of the tweeds

and the same as the selling price of the boys

and the same as the selling price of the boys

and the same as the selling price of the boys

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blue serge is \$1.60 per yard and this has been confirmed by letter. In January 1935 Dominion Woollens and Worsteds Limited set a price of \$1.40 per yard for 15.5 oz. blue serge and made shipments throughout the year on this basis. Competition in serges is severe but apparently the Company meet all that offers. The Hespeler mill commenced weaving tweeds and other woollen cloths about one year ago, on a more or less experimental basis, to build up, if possible, a profit in the cloth division. As results at the Auburn mill, where woollen cloth is woven almost exclusively, have been disastrous, little improvement is to be expected from this innovation. The Hespeler mill has looms superior to those of Auburn but has made no headway in woollen cloth which is usually low grade and sold cheaply. Goods sold profitably from the Hespeler mill are in the minority lines exclusively. The large volume lines can be put on a profitable basis through different selling methods.

"Bonner Worth Mill. This mill produces worsted yarns exclusively for sale to the knitting and weaving trades. The number of employees is approximately 400 and the mill is running nearly 40% over day shift capacity. Buildings and equipment are in fair to good condition, although some of the machinery is old, causing high maintenance costs.

... is \$1.60 per yard and this has been
...
... and Worsted Limited set a price of
\$1.40 per yard for 15.5 oz. blue serge and
made shipments throughout the year on this basis
Competition in serges is severe but apparently
the company met all that offered. The Howson
... will continue weaving tweeds and other
woolen cloths about one year ago, on a basis of
less experimental basis, to build up, if pos-
sible, a profit in the cloth division. The re-
sults at the Auburn Mill, where woolen cloth is
...
... little improvement is to be expected from this
innovation. The Hespeler mill has looms experi-
menting for to those of Auburn but has made no headway
in woolen cloth which is usually low grade
...
the Hespeler mill are in the minority lines
exclusively. The large volume lines can be put
on a profitable basis through different selling
...
... will progress
...
knitting and weaving trades. The number of
... is approximately 400 and the mill
... nearly 400 over the mill cap-
... and equipment are in their to-
... although some of the machinery
... ceases.

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"Water is purchased from the City of Peterborough at a cost of approximately \$1,400 per year, and is treated by the Permutit system.

"The steam plant consists of four return tubular stoker",

and he deals with technicalities of the plant.

"Air conditioning equipment, installed in 1920, is satisfactory although non automatic in operation.

"New equipment installed during the fiscal year 1934-5 cost \$13,639.

"The operating staff of the mill consists of the following",

and again he sets out that a staff of 33 draw \$41,908 per year.

"This mill also, is over-staffed principally in accounting and clerical help required in preparation of Head Office statements.

"The Bonner Worth mill is operated efficiently and has earned profits in three years since 1931 as follows:

<u>Year ended</u> <u>June 30th</u>	<u>Profit or loss</u> <u>after all charges.</u>
1931	75,844 L.
1932	57,477 P.
1933	27,683 P.
1934	118,382 P.
1935	30,443 L.
Profit	
Total/since 1931	97,255

Note:

"For detail of Bond Interest and Special Charges see Schedule 2."

"Water is purchased from the City of Peterborough at a cost of approximately \$1,400 per year, and is treated by the Permutit system."

"The steam plant consists of four return

and he deals with technicalities of the plant.

"Air conditioning equipment, installed in 1980, is satisfactory although non automatic in

"New equipment installed during the fiscal

"The operating staff of the mill consists of

and again he sets out that a staff of 35 drew \$41,908

"This mill also, is over-staffed principally in accounting and clerical help required in preparation of Head Office statements."

and has earned profits in three years since 1981

as follows:

Profit or loss after all charges	Year ended June 30th
75,944	1981
87,477	1982
87,888	1983
118,388	1984
36,832	1985
36,832	Total since 1981

"The mill is a very important asset of the

British Columbia

13091

Howson

"This mill has a good earning record but its profits are being dissipated by the losses of the others.

Orillia Mill. This mill produces worsted yarns exclusively which are sold principally to the weaving and knitting trades. A small percentage of the output is taken by the Hespeler mill.

"There are 80 employees working days only, although a night shift was to be organized as the demand for yarn increased.

"As the mill is engaged in spinning the amount of machinery required is considerably less than at the other mills and steam is used for heating only. The machinery is more modern than at any of the others and is in good condition. New equipment installed during the past year cost \$259. As the mill has been running on single shift, full advantage has not been taken of the modern equipment available.

"The operating staff is as follows",
And he sets out that six draw \$11,804. per year.

"As the sales of yarn in 1934-5 amounted to only \$55,700 and salaries during the period were \$12,515 or 23 %, it is plain that a more logical distribution of spinning between this and mills with older equipment would have produced a saving. Operations have been unprofitable in recent years as follows:

	Year ended <u>June 30th</u>	Profit or Loss <u>after all charges.</u>
	1931	3,685 L.

1932	4,226 L.
1933	2,081 L.
1934	1,587 P.
1935	2,298 P.

Total loss since 1931 6,107

Note:

"Only part bond interest and depreciation included in above, if full amount is charged the above profits would have been reduced and the losses increased.

"For detail of Bond Interest, Depreciation and Special Charges see Schedule 2. "

Auburn Mill. The woollen cloth manufactured includes skirtings, cloakings, overcoatings, suitings, flannels and tweeds.

"The number of employees is approximately 430. Piece work is paid for winding, drawing in, weaving and mending. Other operations are on day work rates.

"The buildings and other structures are in fair to good condition but the machinery, excepting new equipment installed during the past three or four years, is old and in poor condition. Maintenance costs are excessive compared with modern machinery, particularly in the spinning and weaving departments. The management desire to purchase at once new weaving equipment to cost \$40,000 and in the near future spinning machinery to cost \$50,000. New equipment installed during the year ended June 30th, 1935, including an addition to the weaving room cost \$36,563. Heavy capital expenditures were

1938 1937

4,386.1	1938
2,081.1	1937
2,305.0	
2,388.9	1938

Total loss since 1931 6,107

Note:

"Only part bond interest and depreciation included in above, if full amount is charged the above profits would have been reduced and the losses increased.

"For detail of Bond Interest, Depreciation and Amortization charges see Schedule 2."

The weaver cloth manufactured in the following quantities: 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900, 1899, 1898, 1897, 1896, 1895, 1894, 1893, 1892, 1891, 1890, 1889, 1888, 1887, 1886, 1885, 1884, 1883, 1882, 1881, 1880, 1879, 1878, 1877, 1876, 1875, 1874, 1873, 1872, 1871, 1870, 1869, 1868, 1867, 1866, 1865, 1864, 1863, 1862, 1861, 1860, 1859, 1858, 1857, 1856, 1855, 1854, 1853, 1852, 1851, 1850, 1849, 1848, 1847, 1846, 1845, 1844, 1843, 1842, 1841, 1840, 1839, 1838, 1837, 1836, 1835, 1834, 1833, 1832, 1831, 1830, 1829, 1828, 1827, 1826, 1825, 1824, 1823, 1822, 1821, 1820, 1819, 1818, 1817, 1816, 1815, 1814, 1813, 1812, 1811, 1810, 1809, 1808, 1807, 1806, 1805, 1804, 1803, 1802, 1801, 1800, 1799, 1798, 1797, 1796, 1795, 1794, 1793, 1792, 1791, 1790, 1789, 1788, 1787, 1786, 1785, 1784, 1783, 1782, 1781, 1780, 1779, 1778, 1777, 1776, 1775, 1774, 1773, 1772, 1771, 1770, 1769, 1768, 1767, 1766, 1765, 1764, 1763, 1762, 1761, 1760, 1759, 1758, 1757, 1756, 1755, 1754, 1753, 1752, 1751, 1750, 1749, 1748, 1747, 1746, 1745, 1744, 1743, 1742, 1741, 1740, 1739, 1738, 1737, 1736, 1735, 1734, 1733, 1732, 1731, 1730, 1729, 1728, 1727, 1726, 1725, 1724, 1723, 1722, 1721, 1720, 1719, 1718, 1717, 1716, 1715, 1714, 1713, 1712, 1711, 1710, 1709, 1708, 1707, 1706, 1705, 1704, 1703, 1702, 1701, 1700, 1699, 1698, 1697, 1696, 1695, 1694, 1693, 1692, 1691, 1690, 1689, 1688, 1687, 1686, 1685, 1684, 1683, 1682, 1681, 1680, 1679, 1678, 1677, 1676, 1675, 1674, 1673, 1672, 1671, 1670, 1669, 1668, 1667, 1666, 1665, 1664, 1663, 1662, 1661, 1660, 1659, 1658, 1657, 1656, 1655, 1654, 1653, 1652, 1651, 1650, 1649, 1648, 1647, 1646, 1645, 1644, 1643, 1642, 1641, 1640, 1639, 1638, 1637, 1636, 1635, 1634, 1633, 1632, 1631, 1630, 1629, 1628, 1627, 1626, 1625, 1624, 1623, 1622, 1621, 1620, 1619, 1618, 1617, 1616, 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341, 340, 339, 338, 337, 336, 335, 334, 333, 332, 331, 330, 329, 328, 327, 326, 325, 324, 323, 322, 321, 320, 319, 318, 317, 316, 315, 314, 313, 312, 311, 310, 309, 308, 307, 306, 305, 304, 303, 302, 301, 300, 299, 298, 297, 296, 295, 294, 293, 292, 291, 290, 289, 288, 287, 286, 285, 284, 283, 282, 281, 280, 279, 278, 277, 276, 275, 274, 273, 272, 271, 270, 269, 268, 267, 266, 265, 264, 263, 262, 261, 260, 259, 258, 257, 256, 255, 254, 253, 252, 251, 250, 249, 248, 247, 246, 245, 244, 243, 242, 241, 240, 239, 238, 237, 236, 235, 234, 233, 232, 231, 230, 229, 228, 227, 226, 225, 224, 223, 222, 221, 220, 219, 218, 217, 216, 215, 214, 213, 212, 211, 210, 209, 208, 207, 206, 205, 204, 203, 202, 201, 200, 199, 198, 197, 196, 195, 194, 193, 192, 191, 190, 189, 188, 187, 186, 185, 184, 183, 182, 181, 180, 179, 178, 177, 176, 175, 174, 173, 172, 171, 170, 169, 168, 167, 166, 165, 164, 163, 162, 161, 160, 159, 158, 157, 156, 155, 154, 153, 152, 151, 150, 149, 148, 147, 146, 145, 144, 143, 142, 141, 140, 139, 138, 137, 136, 135, 134, 133, 132, 131, 130, 129, 128, 127, 126, 125, 124, 123, 122, 121, 120, 119, 118, 117, 116, 115, 114, 113, 112, 111, 110, 109, 108, 107, 106, 105, 104, 103, 102, 101, 100, 99, 98, 97, 96, 95, 94, 93, 92, 91, 90, 89, 88, 87, 86, 85, 84, 83, 82, 81, 80, 79, 78, 77, 76, 75, 74, 73, 72, 71, 70, 69, 68, 67, 66, 65, 64, 63, 62, 61, 60, 59, 58, 57, 56, 55, 54, 53, 52, 51, 50, 49, 48, 47, 46, 45, 44, 43, 42, 41, 40, 39, 38, 37, 36, 35, 34, 33, 32, 31, 30, 29, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 0.

"The number of employees is approximately 400. Piece work is paid for spinning, weaving and mending. Other operations are on day work rates.

"The buildings and other structures are in fair to good condition but the machinery, excepting new equipment installed during the past three or four years, is old and in poor condition. Maintenance costs are excessive compared with modern machinery, particularly in the spinning and weaving departments.

"The desire to purchase at once new weaving equipment to cost \$40,000 and in the near future spinning machinery to cost \$50,000. New equipment installed during the year ended June 30th, 1938, cost \$25,000. New capital expenditures were \$25,000.

13093

13093

Howson

made in previous years, but as noted above
\$90,000 is required at an early date and, for
additional betterments and replacements within
one to two years, a further expenditure of
\$50,000 to \$75,000 will be necessary.

"Water drawn from the Otonabee River is treated
by Permutit equipment for finishing, for other
purposes the water is untreated.

"There is no air moistening equipment, which
adds to the high cost of manufacture.

Page 13095

1900

1900

made in previous years, but as noted above
\$50,000 is required at an early date and for
additional betterments and replacements within
one to two years, a further expenditure of
\$50,000 to \$75,000 will be necessary.

Water drawn from the Otonabee River is treated
by percolation equipment for filtering, for other
purposes the water is untreated.

There is no air moistening equipment, which
adds to the high cost of manufacture.

1900

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13095

Howson

The steam plant consists of four return tubular boilers, stoker fired, two of which have been improved by resetting, but there is no coal or ash handling equipment, and no evaporation efficiency records. Further capital expenditure is required to bring this equipment to a satisfactory condition. The cost of fuel last year was \$26,870.

This mill has a particularly poor record, and with the exception of the years 1913 to 1918, for which no records could be obtained, has made heavy losses frequently since 1909 as follows:

<u>Year</u>	<u>Profit</u>	<u>Loss</u>
1909 (6 months)	9,285	
1910	564	
1911	3,639	
1912	21,576	
1913-1918 (not available)		
1919	149,378	
1920)		
1921) not available		
1922)		
1923	52,839	(Before
1924	2,193	(Deprecia-
1925	47,922	(tion
1926	42,704	(Bad Debts
1927	39,666	(eto,
1928	74,929	
1929)		
1930) not available		
1931	164,444	

Howson

18095

The above plant consists of four vertical
tubular boilers, a boiler fitted, two of which have
been removed by dismantling but there is no
coal or ash handling equipment, and no over-
tension efficiency records. Further capital
expenditure is required to bring this equip-
ment to a satisfactory condition. The cost of
fuel last year was \$26,870.

This will be a very small amount.

and with the exception of the years 1918 to
1918, for which no records could be obtained,
has made heavy losses frequently since 1909 on

follows:

Year	Loss
1909 (6 months)	9,283
1910	384
1911	2,839
1912	21,373
1913-1918 (not available)	
1919	149,378
1920	
1921 (not available)	
1922	
1923	32,833 (Before)
1924	2,133 (After)
1925	41,922 (After)
1926	42,704
1927	
1928	74,032
1929	
1930 (not available)	
1931	134,434

5

<u>Year</u>	<u>Profit</u>	<u>Loss</u>
1932		118,701
1933		170,615
1934		65,587
1935		<u>194,109</u>
Loss since 1931		713,456

Note:

For detail of bond interest and special charges see Schedule 2.

10

Since the merger in 1928 no satisfactory manager has been found for the mill, although five changes have been made. In February 1935 Mr. E. T. Barber, experienced in wool cloth manufacturing in the United States was engaged as Superintendent assisted by Mr. Leybourne from the Head Office of the Company, as Controller. All former managers had involved the Company in difficulties or had added to the disorganization and confusion existing. The heavy losses of 1934-5 are ascribed to the injudicious purchase of a large quantity of raw materials by the manager in the previous year. This material was ultimately made into cloth and sold at a heavy loss. As all purchases are approved by the Head Office, the loss would have been avoided if the management had been in close touch with the situation.

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The staff is as follows: "

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Then he sets out the details, showing 32 persons drawing \$48,568 for the year. It goes on:

1938	1937
116,701	116,701
170,615	170,615
116,701	116,701
116,701	116,701

For detail of bond interest and special
 interest see Schedule B.

Since the merger in 1938 no satisfactory
 manager has been found for the mill, although
 five changes have been made. In February 1935
 Mr. E. T. Barber, experienced in wool cloth
 manufacturing in the United States was engaged
 as Superintendent assisted by Mr. Leppert from
 the Head Office of the Company, as Controller.
 All former managers had involved the Company
 in difficulties or had added to the disorganiza-
 tion and confusion existing. The heavy losses
 of 1934-5 are ascribed to the injudicious pur-
 chase of a large quantity of raw materials by
 the manager in the previous year. This material
 was ultimately made into cloth and sold at a
 heavy loss. All purchases are approved by
 the Head Office, the loss would have been
 avoided if the management had been in closer
 touch with the situation.

The staff is as follows: "

There are also out the details, showing 23 persons
 drawing 48,000 for the year. It goes on:

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"Shortly after the merger it was decided to close the Auburn mill, and the machinery was partially removed and shipped to Hespeler. Within a few months this decision was reversed and the older and more worn out machinery was returned adding to the difficulties which previously existed. This change of plan was a serious error in view of the bad record of the mill, and if the rehabilitation program in progress since 1932 had not been undertaken, the Company would not have been brought to its present precarious position. Since 1933 equipment replacements have cost over \$100,000 in addition to mill losses of \$430,311. Rehabilitation is still far from complete and monthly operating losses continue at a high rate.

The experiment undertaken in the Hespeler mill, of weaving woollen cloth has not, to the present, been successful although better looms and spinning equipment is available. In these circumstances the expectation that the purchase of the new looms now contemplated, will put the Auburn mill on a profitable basis, seems premature.

Head Office Staff. This is as follows:

	Number of Persons	Amount paid 3 mos. to Sept. 30th
Directors	7	622
Executives	2	6,073
Accounting & Clerical	12	3,563
Purchasing	2	802
Sales salaries,		
commission	13	14,385
	36	25,447
		Per Year 101,788

As the principal mill is in Hespeler and its potential earning capacity is high, the head office and chief executive should logically be there also. The resultant saving in office rental and reduction in staff made possible thereby are important in addition to the improvement which should result from closer supervision of the mill by the executive officers. If a branch sales office is necessary in Toronto the expense of maintaining it will not be great.

Management and Operating Expenses.

The management of the Company is conducted on academic lines; policies are highly technical and insufficiently practical. The mills have been completely de-centralized with the exception of selling, purchasing and final accounting with each unit in charge of a comparatively low paid manager. Salaries, with the exception of that of the Managing Director, are low throughout, but the total paid is very high owing to the large number of minor executives, overseers and clerical staff. Departmental organization is carried to extremes and the transmission of Head Office policies and instructions is through a train of executives and supervisors down to the point of action where it arrives spent and altered in intent. The drive and initiative of owner management is lacking. The management rely

1907

1907

As the principal will be in London and its
potential earning capacity is high, the best
office and chief executive should logically be
there also. The management saving in office
costs and reduction in staff is considerable
thereby are important in addition to the in-
creased movement which should result from closer
co-ordination of the mill by the executive
overseas. If a branch sales office is neces-
sary in London the expense of maintaining it
will not be great.

Management of the mill

The management of the factory is conducted
on scientific lines; policies are highly technical
and insufficiently practical. The mills have
been completely de-centralized with the exception
of selling, purchasing and financial accounting with
each unit in charge of a comparatively low paid
manager. Salesmen, with the exception of that
of the Managing Director, are low throughout,
but the total paid is very high owing to the
large number of minor executives, overseers and
clerical staff. Departmental organization is
carried to extremes and the transmission of
head office policies and instructions is through
a train of executives and supervisors down to
the lowest level where it is often found that
the policy is lost. The time and energy of
the management is wasted.

18099

Howson

on highly complicated cost records to maintain contact with all phases of operations. These statements provide information three weeks or more after the event, and apparently do not inspire leadership as red figures appear in the same departments month after month.

One of the original purposes of the merger was to eliminate duplicated expenses. Instead, these have been allowed to increase to alarming figures, as follows:

The total sales for the year ended June 30, 1935, were \$2,893,560; expenses, indirect labour and salaries, \$265,197; plant and property maintenance, \$88,790; fuel \$84,887.

Then he goes on to enumerate a number of smaller items: Selling expenses, \$140,047; Head Office administration, \$102,302; total before bond interest, \$756,309, or 26.2 per cent of sales; and the grand total of expenses is \$819,819, or 28.2 per cent of sales.

He goes on:

"These expenses with exception of bond interest are controllable in some measure. Maintenance, power and fuel are controllable through the closing of obsolete or partially employed mills. Bond interest although not payable if unearned until July 1st, 1937, should not be secondary to high overhead expenses. In other words the management should have seen that expenses in effect prior to

on highly complicated cost records to maintain

connected with all phases of operations. These

statements provide information on three weeks or more

after the event, and apparently do not indicate

whether or not the figures appear in the same report-

month month after month.

One of the original purposes of the report was

to eliminate duplicated expenses. Instead, these

have been allowed to increase to alarming figures.

as follows:

The total sales for the year ended June 30, 1940,

were \$1,393,660; expenses, indirect labor and material

\$400,147; plant and property maintenance, \$58,750;

Total \$884,557.

Then he goes on to enumerate a number of smaller

items: Selling expenses, \$140,047; Road \$113

administration, \$109,392; total before bond interest,

\$736,309, or 53.5 per cent of sales; and the grand

total of expenses is \$810,519, or 58.2 per cent of

sales.

He goes on:

"These expenses with exception of bond

interest are attributable in some measure. Main-

tenance, power and fuel are controllable through the

allocation of obsolete or partially employed assets.

and interest on bonds and on other securities will

also be paid, but these are not controllable in any

way. In other words the management

should have been able to effect some

13100

Howson

the merger were cut to at least permit of earning bond interest which still leaves shareholders unprovided for.

5 Owing to different accounting methods, an exact comparison of the expenses at Bonner Worth and Auburn mills in 1928 cannot be made but they are to some extent comparable and are set out in Schedule 3. The figures for 1928 are from the audited statement dated July 24th, 1928, of Messrs. 10 Morris and Lawrie. The total of 1935 expenses is \$146,377 higher than in 1928 but included in this difference are the salaries of certain overseers taken into mill wages in 1928, the amount of which 15 could not be ascertained. Samples expense was not shown separately in the 1928 audited statement and must be included in one of the miscellaneous accounts. Directors fees \$9,667, paid in 1928, are offset by directors' fees \$1,932 and Wood 20 report \$4,500 in 1935 which may be left out of consideration when comparing the amounts of expenses in each year. After making allowance for these items, it is apparent expenses are substantially higher.

25 No records are available for the Hespeler mill but the number of executives and officers and the resultant expense is now greatly in excess of that permitted by the late Mr. Forbes.

30 Expenses at 28.2 per cent provides the reason why the units are regarded as "high overhead mills".

1950

1950

the figures were not to at least permit of comparing
 items in interest which still leaves shareholders
 and provided for.

Due to different accounting methods, an
 exact comparison of the expenses of 1948 and 1949
 and 1950 is not possible but they are not out in
 one to some extent comparable and are not out in
 schedule 3. The figures for 1948 are from the
 audited statement dated July 24th, 1948, of which
 makes one aside. The total of 1948 expenses is
 \$146,377 higher than in 1948 but included in this
 difference are the salaries of certain officers
 taken into full wages in 1948, the amount of which
 could not be ascertained. Other expenses were not
 shown separately in the 1948 audited statement and
 must be included in one of the miscellaneous
 items. 1948 expenses were \$1,000,000 and 1949
 are offset by directors' fees \$1,000 and 1950
 report \$4,500 in 1948 which may be left out of
 consideration when comparing the amounts of expenses
 in each year. After making allowance for these
 items, it is apparent expenses are substantially
 similar.

No records are available for the head office
 will not the number of executives and officers and
 the resultant expense is now greatly in excess of
 that permitted by the late T. Forbes.

Expenses at 38.3 per cent provides the reason
 why the figures are regarded as "high" compared with

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5 The fact that the Company have a higher percentage of the cards, spindles, looms and factory space than any competitor or that is required for a business of \$3,000,000 to \$4,000,000 does not assure profitable operations, too much machinery and factory space is partially used and further consolidation is necessary.

10 Pyramided on excessive overhead expenses is the high capital expenditure necessary to replace worn out and obsolete machinery. Already \$250,000 has been spent in replacements without any substantial improvement and \$350/500,000 is required to complete the work. To place ~~that~~ the company in a sound earning position in which bond interest can be paid, inventory obsolescence and equipment replacements absorbed as well as to pay something to shareholders requires drastic action to stop losses of the magnitude of those already sustained. The expectation that higher selling prices will lift the Company from its present position is too uncertain to permit of continued inaction in view of the present precarious position. Sales have been running at high levels and some departments of the mills are approaching capacity, but the results are still far short of what must be accomplished to save the Company from further reorganization or ultimate bankruptcy.

25 Sales Department

30 This division is organized as follows:"

1910

1910

The fact that the Company have a big on hand of the cards, spindles, looms and factory space than any competitor or that is required for a business of \$1,000,000 to \$4,000,000 does not assure profitable operations, too much machinery and factory space is partially used and further consolidation is necessary.

Provided on excessive overhead expenses as the high capital expenditures necessary to replace worn out and obsolete machinery. Already \$100,000 has been spent in replacements without any substantial improvement and \$350,000 is required to complete the work. To place the Company in a normal earning position in which bond interest can be paid, inventory obsolescence and equipment replacements absorbed as well as to pay something to shareholders requires drastic action to stop losses of the magnitude of those already sustained. The expectation that higher selling prices will lift the Company from its present position is too uncertain to permit of continued inaction in view of the present precarious position. Sales have been running at high levels and some departments of the mills are approaching capacity, but the results are still far short of what must be accomplished to save the Company from further

RECOMMENDATION OF THE BOARD OF DIRECTORS

This division is explained as follows:

And it is shown under the headings; (1) Toronto Sales Office; (2) Montreal Sales Office; (3) Commission Agents. It goes on:

"Company travellers are paid salary and bonus or commission, and agents are paid commission based on the value of their sales. The total selling expense on sales of \$2,895,560 during 1934-5 was \$140,047 including discounts \$32,870 and samples \$39,941. Expressed in percentage of sales to customers, the selling expense was 4.85.

Sample expense at \$39,941 appears high but the total selling expense at 4.85 per cent is satisfactory.

Co-operation between the sales department and the mills has not always been entirely satisfactory, particularly in connection with Auburn mill products, of which sales were made that could not be satisfactorily produced or that could not be manufactured in time for the customers' requirements, leaving large quantities on hand that were afterwards disposed of at clearing prices. The poor condition of the Auburn machinery aggravates this condition which has been responsible for much of the below cost clearance sales from the mill.

The general selling policy of the Company, as the largest producer in the industry, is to set prices to obtain volume without regard to the trade generally and they follow this policy to the point of establishing prices close to, or below cost, in

and it is noted that the bridge is in poor
shape and is in need of repair. It is
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repairs.

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repairs.

order to obtain orders. The management are
decidedly against price agreements and although
the Canadian Woollen and Knit Goods Manufacturers
Association offers a ready means of negotiating
price agreements among manufacturers, the Company
have not been leaders in this respect as they
should have, and in fact oppose such arrangements.
Having total sales greater than any competitor,
the Company have an exaggerated idea of their
importance, but as they are not dominant in selling
any one of the several products which they manufacture
either by reason of quality or volume, they
are not in a position to enforce their policy of
establishing prices in the industry. Instead of
working for a better price understanding, the
Company have consistently recommended a policy of
specialization which, in theory, appears attractive.
Under an arrangement of this kind the competing
mills are expected to abandon the manufacture of
certain lines of cloth or other products with a
redistribution of these products to mills more
fitted for their production. In this manner
competition would be avoided and prices raised to
profitable levels. As no mill owner is willing to
surrender the right to manufacture any product, and
as they are all constantly adding competitive lines
the specialization theory is unworkable and should
be abandoned in favour of a policy intended to
promote confidence and establish profitable prices.

STATE

Notes

order to obtain orders. The management are
decidedly against price agreements and although
the Canadian Woolen and Knit Goods Manufacturers
Association offers a ready means of negotiating
price agreements among manufacturers, the Company
have not been leaders in this respect as they
should have, and in fact oppose such agreements.
The Company have no objection to any
arrangement that is made by the
industry, but as they are not content in selling
any one of the several products which they manufacture
take either by reason of quality or volume, they
are not in a position to enforce their policy of
establishing prices in the industry. Instead of
working for a better price understanding, the
Company have consistently recommended a policy of
specialization which, in theory, appears attractive
under an arrangement of this kind the competing
mills are expected to abandon the manufacture of
certain lines of cloth or other products with a
redistribution of these products to mills more
fitted for their production. In this manner
competition would be avoided and prices raised to
profitable levels. As no mill owner is willing to
surrender the right to manufacture any product, and
as they are all constantly adding competitive lines
the industry is in a position to produce and sell
as much as it likes at a profit. The Company
promote confidence and establish good will by prices.

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In the present situation competitors resent the attempts of the Company to set prices intended to increase their own turnover at the expense of other manufacturers and regard them merely as price cutters. "

Then there is something in regard to the purchasing policies:

"Purchasing. As the price of wool and wool tops is subject to fairly rapid and severe fluctuations care must be exercised to avoid over-buying when prices are high if heavy losses are to be avoided in a falling market. During 1931 and 1932 prices were fairly stable, but in 1933 a rapid advance was maintained culminating at the year-end in prices almost 100 per cent higher. At the beginning of 1934, the Company had approximately 1,600,000 pounds of wool tops in stock or contracted for, and this amount was sufficient to last nearly one year at the rate at which the Company might reasonably expect to operate. Unspecified orders for cloth were being received freely at this time but shipments with the exception of moderately good ones in February and March 1934, were not high. In April, May, June and July sales dropped off sharply and wool top prices, which had commenced to drop in January 1934, declined precipitately until August. Although the Company at the first of the year had 1,600,000 pounds of tops contracted for or on hand, of which 923,000 pounds was

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HOWSON

In the present situation competitors resent the
attempts of the company to set prices intended
to increase their own turnover at the expense
of other manufacturers and regard them merely as

Then there is something in regard to the purchasing
policy:

"Interchangeable". As the price of wool and wool tops
is subject to fairly rapid and severe fluctuations
care must be exercised to avoid over-paying when
prices are high if heavy losses are to be avoided
in a falling market. During 1931 and 1932 prices
were fairly stable, but in 1933 a rapid advance
was maintained culminating at the year-end in
a rise of 1934, the company had approximately
1,600,000 pounds of wool tops in stock or com-
mitted for, and this situation was maintained in
the early part of 1935. At this time the
company might reasonably expect to realize
one million pounds. The above was with re-
gard to the exception of moderately good ones in
February and March 1935. In April
and June and July sales dropped off sharply and
wool top prices, which had commenced to drop in
January, fell further. Although the company at the start of
the year had 1,400,000 pounds of wool tops in stock
the net result, at which 1,000,000 pounds was

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5 unspecified, an additional 770,000 pounds in anticipation of orders and 231,000 pounds for booked orders was purchased in a rapidly falling market. The last anticipation purchase of 450,000 pounds was made during the week ended June 14th, 1934, or just prior to the close of the fiscal year 1933-4.

10 On June 14th, 1934, the stock of tops on hand and on order was 1,980,463 pounds of which 645,020 pounds was required for specified orders leaving unspecified surplus 1,335,443 pounds. The average weekly consumption was around 24,000 pounds; at this rate the total stock and commitments would have lasted 72 weeks.

15 From June 1934 to December 31st, 1934, purchases were only 57,500 pounds and at the year-end total stock and commitments of 1,361,528 pounds was sufficient at the average rate of usage (29,000 pounds) for 35 weeks.

20 Purchases during 1935 were on a conservative basis on a rising market from March and commitments were steadily curtailed until, during October and November 1935 the total of stocks and commitments was sufficient for about 20 weeks at the average rate of usage."

25 Then he goes on to say that he is attaching a chart on Wool Top purchases. And now a word about the outlook:

unspecified, an additional 750,000 pounds in anticipation of orders and 831,000 pounds for

booked orders was purchased in a rapidly falling market. The last satisfaction purchase of 450,000 pounds was made during the week ended June 14th, 1934, or just prior to the close of the fiscal year 1934-4.

On June 14th, 1934, the stock of iron ore had and on order was 1,380,408 pounds of which 444,000 pounds was satisfied by satisfaction purchase. The average weekly consumption was around 34,000 pounds; at this rate the total stock and commitments would have lasted 43 weeks.

From June 1934 to December 31st, 1934, purchases were only 57,500 pounds and at the year-end total stock and commitments to of 1,361,838 pounds was sufficient at the average rate of consumption to last 40 weeks.

Purchases during 1935 were on a conservative basis on a rising market from March and a number of months were steadily curtailed until, during October and November 1935 the total of stocks and commitments was sufficient for about 30 weeks at the average rate of usage.

Then he goes on to say that he is attaching a chart

to show the consumption of iron ore during the

year.

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"Outlook.

During the past year the selling prices of the products manufactured by the Company increased slightly but wool top prices have increased almost 30 per cent since March 1935. Sales for the first five months of the 1935-6 fiscal year to November 30th are \$1,592,673, compared with \$1,014,041 in the previous year, an increase of 57 per cent which has operated to reduce manufacturing costs. A modification in the selling policy in force will undoubtedly create a better understanding with competitors and the establishment of higher selling prices; this is a logical expectation in view of the increased price of wool tops. By October 1st 1935 employment in the Woollen and Knitting industry had reached an all time peak but despite these favourable developments, the Company are still sustaining monthly losses. The result of operations for the five months to November 30th, 1935, is as follows:

Consolidated Statement - 5 months to November 30th
1935.

Profit before bond interest, bad debts,
depreciation and inventory adjustment \$89,079

Deduct

Bond interest	26,462	
Bad debts	7,500	
Depreciation	61,641	
Inventory adjustment	<u>30,352</u>	<u>125,955</u>
Loss after all charges		36,876

1935

Howson

During the past year the selling prices of the products manufactured by the Company increased slightly but wool top prices have increased almost 50 per cent since March 1935. Sales for the first five months of the 1935-6 fiscal year to November 30th are \$1,382,878, compared with \$1,041,041 in the previous year, an increase of 32 per cent which has operated to reduce manufacturing costs. A modification in the selling policy in force will undoubtedly create a better understanding with competitors and the establishment of higher selling prices; this is a local expectation in view of the increased price of wool tops. By October 1st 1935 employment in the woolen and knitting industry had reached an all time peak but despite these favorable developments, the Company are still sustaining monthly losses. The result of operations for the five months to November 30th, 1935, is as follows:

Consolidated Statement - 5 months to November 30th 1935.

Profit before bond interest, bad debts, depreciation and inventory adjustment \$89,079

Debit

36,462	Bond interest
7,300	Bad debts
51,841	Depreciation

Loss after all charges 26,876

In the above there is no provision for inventory obsolescence as there should be by reason of the diversification of products. Bond interest, if unearned, is cancelled until July 1st, 1937," and so on. Then there are some recommendations. Here is one:

Recommendations

(1) In view of the bad earning record of the Auburn mill with losses continuing at the same rate as last year, the poor condition of its looms, spinning and some of its other equipment that must be replaced in the near future at a cost of \$150,000 or more, it is recommended this mill be permanently closed. The heavy losses sustained are cancelling the gains made at the Bonner Worth mill, the only profitable unit of the group. The necessity of closing the mill has been recognized for a year or more by the Bank's Toronto manager, who has repeatedly recommended this to the Company."

Then there are the schedules attached, which I have referred to.

There is another memorandum which should go in as a companion to this one, my lord. It is a memorandum on this report, prepared by Mr. Barrett, Manager of Dominion Woollens & Worsted, and dated January 11, 1936.

THE COMMISSIONER: It is a memorandum on the other memorandum, by whom?

HOWSON

1947

In the above there is no provision for inventory obsolescence as there should be by reason of the liquidation of assets. Bond interest, if accrued, is cancelled until July 1st, 1937, and so on. That there are some reservations, here is one:

(1) In view of the fact that some of the assets will with losses consisting of the same rate as last year, the poor condition of its loans, sinking and some of its other equipment that must be replaced in the near future at a cost of \$150,000 or more, it is recommended that all be necessarily closed. The heavy losses sustained are cancelling the gains made at the former North Mill, the only profitable unit of the group. The necessity of closing the mill has been recommended for a year or more by the Bank's Toronto manager, who has repeatedly recommended this to the Company.

Then there are the schedules attached, which I have referred to. There is another memorandum which should go in as a comment to this one, my Lord. It is a memorandum on this report, prepared by Mr. Bennett, manager of British Columbia & Alberta, and dated January 11, 1937. The memorandum is: It is a memorandum on the

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Hows on

MR. McRUER: By the Manager, Mr. Henry Barrett.

THE COMMISSIONER: That will be Exhibit 1061.

EXHIBIT 1061: Dominion Woollens & Worsted
Limited, memorandum on report
of Mr. G. I. Evans, dated
January 11, 1936.

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MR. McRUER: I do not intend to read all of this,
my lord.

MR. KELLOCK: It is in answer to the other, and
you have read most of the other.

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MR. McRUER: I am mistaken as to the date, my
lord. It must be later. It is dated February 10,
1936.

15

MR. KELLOCK: As I am instructed that it is in
answer to the other, I would suggest it should be
read.

MR. McRUER: Supposing you read part of it.

MR. KELLOCK: I should be glad to.

-- The Commission adjourned for a short recess.

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-- On resuming.

MR. McRUER: Referring to Exhibit 1061, page 9,
in reference to sales --

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THE COMMISSIONER: Is that the one Mr. Kellock
is to read?

30

MR. McRUER: Yes, my lord, but there are just
one or two matters I want to close out myself, then
I will let Mr. Kellock have it. Page 9, Exhibit 1061
is in regard to sales and purchasing. It is more or
less Mr. Barrett's reply to Mr. Evans' criticism.
It reads as follows:

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By the reporter, Mr. Henry Barnett.

THE COMMISSIONER: That will be Exhibit 1001.

Dominion Woolfarms & Holdings
Limited, memorandum on report
of Mr. G. I. Evans, dated
February 11, 1901.

MR. BARNETT: I do not intend to read all of this

my lord.

MR. KELLOCK: It is in answer to the other, and

you have read most of the other.

MR. BARNETT: I am mistaken as to the date, my

lord. It must be later. It is dated February 10,

1901.

MR. KELLOCK: As I am instructed that it is in

answer to the other, I would suggest it should be

read.

MR. BARNETT: Supposing you read part of it.

MR. KELLOCK: I should be glad to.

-- The Commission adjourned for a short recess.

-- On resuming.

in reference to sales --

THE COMMISSIONER: Is that the one Mr. Kellock

is to read?

MR. BARNETT: Yes, my lord, but there are just

one or two matters I want to clear out myself, then

I will let Mr. Kellock have it. Page 9, Exhibit 1001

It is in regard to sales and purchasing. It is more or

less Mr. Barnett's reply to Mr. Evans' criticism.

"Sales and Purchasing

The second major head of Mr. Evans' criticism is with respect to sales and purchasing policies.

5 We are accused on page 15 of adopting a policy of cutting prices to obtain volume, without respect to the trade generally or to the cost of production. We do not know the basis of such a charge. There has been no price-cutting

10 policy followed by this company. It may be that Mr. Evans has been influenced by the fact that in getting rid of inactive and obsolete stocks in 1932 we made up raw materials and sold the products at such prices as we could

15 obtain. This is clearly what is referred to in the letter quoted on page 3 and 4 of the Report. The brief reference on page 4 to the fact that "heavy losses are still being incurred, particularly at the Auburn mill, owing to large

20 stocks of unsuitable raw materials purchased since" creates the impression that the purchasing policy of the company is faulty. A special problem has existed with regard to the Auburn

25 mill, where there have been three managers since 1932. At this mill the selection of materials to be purchased must be determined by the mill manager, and, no doubt, mistakes were made at this mill which we were obliged subsequently to

30 liquidate, but these should not be made the basis of a criticism of the general policy of the

"Selling and Purchasing"

The second major part of Mr. Evans'

criticism is with respect to sales and purchase

policies.

We are assessed on page 15 of following:

policy of existing prices to obtain volume, with

respect to the trade generally or to the cost

of production. He does not know the basis of such

a charge. There has been no price-cutting

policy followed by this company. It may be

that Mr. Evans has been influenced by the fact

that in getting rid of inactive and obsolete

stocks in 1928 we made up raw materials and

sold the products at such prices as we could

obtain. This is clearly what is referred to

in the letter quoted on page 8 and 4 of the

Report. The price reference on page 4 to the

fact that "heavy losses are still being incurred,

particularly at the Auburn Mill, owing to large

stocks of unsalable raw materials purchased

since" creates the impression that the purchasing

policy of the company is faulty. A special

problem has existed with respect to the Auburn

mill, where there have been three managers since

1912. At this mill the selection of materials

to be purchased must be determined by the mill

manager, and, no doubt, mistakes were made at

this mill which we were obliged subsequently to

liquidate, but these should not be made the basis

of criticism of the general policy of the

company. The managers responsible have been retired.

There cannot possibly be any source except mis-statement for the charge that we have been price-cutting. Mr. Evans (page 7) quotes the circular of the Canadian Woollen & Knit Goods Manufacturers' Association as authority for the statement that the 1935 price of 16 oz. blue serge was \$1.60 per yard. At the date of the circular, November 1, 1935, the price was \$1.60 per yard, but the 1935 price on 16 oz. blue serge, as fixed by us in conjunction with other leading manufacturers, rose steadily from December 1934, as follows:

December 1934	\$1.40	per yard
May 1935	1.45	" "
July "	1.50	" "
September "	1.60	" "
December "	1.65	" "
January 1936	1.70	" "

Cloth contracts are usually booked between January and May for delivery by the end of the current year, and between June and December for delivery by the end of May in the following year. There is with the great bulk of our sales a time interval between the placing of the order and delivery of the goods of from three to eleven months, and this fact must be borne in mind when scrutinizing Mr. Evans' statement of the average price per yard of serges sold in July to November inclusive, 1935.

company. The managers responsible have been

very

There cannot possibly be any source except

mis-statement for the charges that we have been

charge-cutting. Mr. Evans (page 7) quotes the

statement of the Canadian Woolen & Knit Goods

Manufacturers' Association as authority for the

statement that the 1935 price of 16 oz. blue

serge was \$1.60 per yard. At the date of the

similar, November 1, 1935, the price was \$1.50

per yard, but the 1935 price on 16 oz. blue

serge, as fixed by us in conjunction with other

leading manufacturers, rose steadily from

December 1934, as follows:

December 1934	\$1.40 per yard
May 1935	1.45
July	1.50
September	1.55
January 1936	1.60

Cloth contracts are usually booked between

January and May for delivery by the end of the

current year, and between June and December for

delivery by the end of May in the following year

There is with the great bulk of our sales a time

interval between the placing of the order and

delivery of the goods of from three to eleven

months, and this fact must be borne in mind when

scrutinizing Mr. Evans' statement of the average

price per yard of serge sold in July to November

1935-1936

In our letter of December 31 we drew the attention of Mr. Evans to the price variation in 1935 but he chose to ignore it and to create a false impression. We did not expect such treatment from him.

It is clear that he has failed to grasp the significance of our cost accounting methods as an essential in the conduct of a business in which there are successive stages of manufacture.

The Statement of Profit or Loss before Selling or Administration Expense (but after providing for bond interest and depreciation) appearing on page 7 is taken from our sales analysis. It does not represent the ultimate result of the operation but the extent by which the result diverges from the objective fixed by our budget. It does not take into account profits which accrue through the objective being passed. In other words, the extract given is not a record of the net result to the company in dollars of the total production of the goods in question.

With further reference to prices, we note the suggestion on page 17 that the selling prices of our products have increased but slightly, while raw material prices have increased almost 30 per cent. In actual fact, an increase of 30 per cent in raw material prices is equivalent to an increase of approximately 15 per cent in selling price. On this basis, the 30 per cent increase in raw material prices means an increase

HOWSON

MILL

In our letter of December 21 we drew the attention of Mr. Burns to the price variation in 1933 but he chose to ignore it and to create a false impression. We did not expect such treatment from him.

It is a fact that he was willing to drop the significance of our cost accounting methods as an essential in the conduct of a business in which there are successive stages of manufacturing. The statement of Profit or Loss before selling or administration charges (but after providing for bond interest and depreciation) appearing on page 7 is taken from our sales analysis. It does not represent the ultimate result of the operation but the extent by which the result diverges from the objective fixed by our budget. It does not take into account profit which accrue through the objective being passed. In other words, the extract given is not a record of the net result to the company in dollars of the total production of the goods in question. With further reference to prices, we note the statement on page 17 that the selling price of our products have increased but slightly, while raw material prices have increased almost 50 per cent. In actual fact, an increase of 20 per cent in raw material prices is equivalent to an increase of approximately 15 per cent in selling price. On this basis, the 50 per cent increase in raw material prices means an increase

in 1935 of 21 cents per yard on 16 oz. blue serge. Our increase is 30 cents per yard.

5 So far from being opposed to price agreements, we are a party to a number of these and have always steadily adhered to them. Our criticism of price agreements is that we find that some of our competitors regard fixed prices as maximum rather than minimum prices and break the agreements when it suits their convenience.

10 Mr. Evans has misinterpreted some public statements regarding specialization as indicating the hope on the part of this company that its competitors would select some other lines of production and cease their competition. No suggestion has been made by us that other mills
15 abandon manufacture and surrender their production to us, and we can only say that generalizations of this sort create a mischievous impression as to our policy.

20 As to purchasing, it is not our intention to do other than follow the most conservative lines. Unfortunately, in 1934, due to sharp contraction in production, our purchases proved
25 onerous, not only as to volume but also as to price, and serious losses resulted therefrom.

30 In a business such as ours, with expensive raw materials subject to rapid and severe fluctuations, which come long distances and require considerable time to process (our inventory turnover being at present approximately 3½ times)

in 1933 of 21 cents per yard on 16 oz. blue

serge. Our increase is 30 cents per yard.

As far from being opposed to price agreements as we are a party to a number of these and have always steadily adhered to them. Our criticism of price agreements is that we find that some of our competitors regard fixed prices as a maximum rather than a minimum price and break the agreements when it suits their convenience.

Mr. Evans has misinterpreted some public statements regarding competition as indicating the hope on the part of this company that the competitors would select some other lines of production and cease their competition. No suggestion has been made by us that other mills abandon manufacture and surrender their production to us, and we can only say that generalizations of this sort create a misleading impression as to our policy.

As to production, it is not our intention to do other than follow the most conservative lines. Unfortunately, in 1934, due to sharp contraction in production, our purchases proved erroneous, not only as to volume but also as to price, and serious losses resulted therefrom. In a business such as ours, with extensive new plants subject to rapid and severe fluctuations, which cause long distances and require considerable time to process (our inventory turn-over being at present approximately 3 1/2 times)

a certain amount of speculation is unavoidable.

5 The difficulty of forecasting requirements
can be indicated by the fact that in the calendar
year 1934 our consumption of top was slightly in
excess of 1,600,000 pounds, while in 1935 it
was in excess of 2,700,000 pounds. The reason
10 this fact is mentioned is that if the same busi-
ness had materialized in 1934 as we had in 1935
(and we had reasonable grounds for assuming
that it would, namely, the great increased
volume of sales we had during the latter half of
1933 and the much larger volume of unfilled orders
on hand in January 1934), our raw material com-
mitments would not have been onerous.

15 We agree with the accounting practice of
setting up as Contingent Liability losses which
may occur on raw material on contract at higher
than prevailing price at a fiscal year end. This
Contingent Liability was indicated on our state-
20 ment as at June 30, 1934, and the Toronto manager
of the bank was advised of the amount of this
Contingent Liability as at June 30, 1934, and
kept fully informed later."

25 Now I will resign in favour of Mr. Kellock.

MR. KELLOCK: The memorandum contained in
Exhibit 1061 commences as follows, my lord:

1934

1934

a certain amount of speculation is unavoidable.

The difficulty of forecasting requirements

can be illustrated by the fact that in the calendar

year 1934 our consumption of top was slightly in

excess of 1,500,000 pounds, while in 1933 it

was in excess of 2,700,000 pounds. The reason

this fact is mentioned is that in the same half-

year had anticipated in 1934 as we had in 1933

and we had reasonable grounds for assuming

that it would, namely, the great increase

volume of sales we had during the latter half of

1933 and the much larger volume of unfilled orders

on hand in January 1934, our raw material con-

sumption would not have been excessive.

We agree with the account of the

fact that our consumption of raw material

may occur on raw material on a basis of higher

than prevailing prices at a fiscal year end. This

contingent liability was indicated on our state-

ment as at June 30, 1934, and the Toronto manager

of the bank was advised of the amount of this

contingent liability as at June 30, 1934, and

kept fully informed later."

Now I will resign in favour of Mr. Kellogg.

MR. KELLOGG: The memorandum contained in

Exhibit 1001 commences as follows, my lord:

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Howson

" DOMINION WOOLLENS & WORSTEDS, LIMITED

MEMORANDUM

on Report of Mr. G. I. Evans
dated January 11, 1936

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Mr. Evans' Report resolves itself into a
series of observations magnifying the losses --"

THE COMMISSIONER: "Magnifying" ?

MR. KELLOCK: Yes, my lord. It continues:

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"magnifying the losses suffered by Dominion
Woollens & Worstedes, Limited, and criticizing
the organization and functioning of the company
in matters of detail. The burden of the criticism
is:

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(a) That the overhead charges are greatly in
excess of what they ought to be for the
volume of business done, and have increased,
this being attributed to "highly technical"
and "academic" management.

20

(b) That the sales and purchasing policies of
the company, directed from Toronto, are
faulty.

25

His use of figures indicates clearly to us
that commitments on capital account at the time
of the organization of the company in 1923, with
resulting heavy interest charges and heavy de-
preciation, have been utilized to obscure the
improvement in the operating results since 1931.

Overhead Charges

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The figures on page 2 of Mr. Evans' Report,
indicating severe losses in each year excepting 1929,

1914

1914

THE SECRETARY OF COMMERCE

WASHINGTON, D. C.

January 1, 1914

Dear Sir:

Mr. [Name], [Address]

Reference is made to your letter of [Date]

in relation to [Subject]

The [Organization] is [Description]

and [Organization] is [Description]

and [Organization] is [Description]

the [Organization] and [Organization]

in [Location] of [State].

Very

(1) [Text]

(2) [Text]

(3) [Text]

(4) [Text]

(5) [Text]

(6) [Text]

(7) [Text]

Very

(8) [Text]

(9) [Text]

(10) [Text]

(11) [Text]

(12) [Text]

(13) [Text]

Very

(14) [Text]

(15) [Text]

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Howson

are misleading. They are figures compiled after charging to operations very heavy capital losses, and the footnotes do not explain the situation, as it should be viewed from the point of view of operations. Schedule 1 to which Mr. Evans refers likewise does not sufficiently draw attention to the results of operations.

We append a statement (Schedule 1) comparing Mr. Evans' figures for the several years in question with the figures showing "Profit & Loss before Bond Interest and Depreciation" and "Profit & Loss after Bond Interest Paid and Depreciation per Profit & Loss Statements".

We also show the ultimate building up of Mr. Evans' figures by the writing off of heavy capital losses.

In this connection we draw attention to the memorandum in the column headed 'Inventory Adjustment Included'. The figures for inventory adjustment in 1930, 1931, and 1932 represent in a substantial measure necessary readjustments of excessive inventories taken over from the Forbes Company in 1928, not in any way referable to operations, and heavy losses suffered from onerous forward contracts. If those adjustments be eliminated, it is evident that there were operating profits before bond interest and depreciation in the three years in question. The figure respecting inventory adjustment for the fiscal year

HOWARD

1911

are misleading. They are figures compiled after comparing to operate on very heavy capital losses, and the footnotes do not explain the situation, as it should be viewed from the point of view of operations. Schedule I to which Mr. Evans refers likewise does not sufficiently draw attention to the results of operations. We require a statement (Schedule I) comparing Mr. Evans' figures for the several years in question with the figures showing "Profit & Loss before Bond Interest and Depreciation" and "Net Profit & Loss after Bond Interest Paid and Depreciation for Profit & Loss Statement". We also show the difference between the two figures by the writing off of heavy capital losses.

In this connection we draw attention to the memorandum in the column headed "Inventory Adjustment Included". The figures for inventory adjustment in 1930, 1931, and 1932 represent a substantial measure necessary to adjustments of excessive inventories taken over from the former company in 1928, not in any way referable to operations, and heavy losses suffered from operations forward contracts. If these adjustments be eliminated, it is evident that there are operating profits before bond interest and depreciation in the three years in question. The figures representing inventory adjustment for the fiscal year

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ended June 30 1935 is a reflection of the very severe decline in raw material prices in 1934, which could not reasonably have been anticipated.

5 We also draw attention to the summary for the last six months of 1935 in which, but for the final inventory adjustment necessitated by the 1934 decline in prices, the operating profits before bond interest and depreciation would have been \$95,000 for the six-months' period.

10 As to operating expense, we do not identify the source of the statement on page 13 of Mr. Evans' Report that "duplicated expenses" have been allowed to increase. We conclude, however, 15 that the basis of this assumption is to be found in Schedule 3 to the Report, which purports to be an analysis of comparative figures for the years 1928 and 1935 of operations at the Bonner- 20 Worth and Auburn mills. Mr. Evans fails to get an accurate comparison in his Schedule 3. The item of salaries and indirect labour, which is the largest single item for 1935 (being nearly three times the amount shown for 1928 for manu- 25 facturing and administrative salaries) includes a large sum under the heading of "Indirect Labour" (which in 1928 was charged as wages) which is a direct manufacturing expense to the extent of \$88,033. Production wages paid in 1935 are 30 higher than those paid in 1928, the greater fineness of the product now being made necessitating

a higher wage content.

Attention must be drawn to the fact that in Mr. Evans' Schedule 3 expenses of the Hespeler mill are not shown. The inference is apparently drawn that the Auburn and Bonner-Worth figures reflect the same conditions as prevail at the Hespeler mill. Such, however, is not the case, as is clearly indicated by the statement 'Salaries Hespeler Mill 1926/27 and 1935', marked Schedule 2 to this Memorandum. At Hespeler there has been a reduction in administrative salaries and disbursements of \$149,500. In the merged companies the principal economies in administration were made by the reduction of the expense of the Forbes staff.

To the 1935 expense shown in Schedule 2 to this Memorandum there should be added a sum representing audit fees, directors' fees, etc., to correspond with the item of 1935 expenses shown on Mr. Evans' Schedule 3. The amount to be added on this head, on the same basis as was done in the case of the Auburn and Bonner-Worth mills is \$52,000, so that there is an apparent net saving of \$97,500 in the Hespeler mill.

The table of figures given on page 13 of the Report is a highly artificial and unnatural combination of items, a large part of which are really direct production expense. Apparently, the idea was to tie these figures together with items

a higher wage content.

Attention must be drawn to the fact that in Mr. Evans' Schedule 3 expenses of the Hespeler will are not shown. The inference is apparently drawn that the Auburn and Bonner-Worth figures reflect the same conditions as prevail at the Hespeler mill. Such, however, is not the case,

as is clearly indicated by the statement 'Salaries Hespeler Mill 1936/37 and 1935', marked Schedule 3 to this Memorandum. At Hespeler there has been a reduction in administrative salaries and disbursements of \$149,500. In the merged companies the principal economies in administration were made by the reduction of the expenses of the

Howson mill.

To the 1935 expense shown in Schedule 3 to this Memorandum there should be added a sum representing audit fees, directors' fees, etc., to correspond with the item of 1935 expenses shown on Mr. Evans' Schedule 3. The amount to be added on this item, in the case of the Auburn and Bonner-Worth mills is \$25,000, so that there is an apparent net saving of \$97,500 in the Hespeler mill.

The table of figures given on page 13 of the Report is a highly artificial and unrepresentative combination of items, a large part of which are really direct production expenses. Apparently, the idea was to tie these figures together with items

that are obviously proper overhead items, and to create the impression that the aggregate of overhead expense is an unreasonable and impractical percentage of sales value. (See the observation on page 14 of the Report that the company's mills are 'high overhead mills'). Mr. Evans has fastened upon a classification in our accounting system of certain wages as representing indirect labour, and has assumed, therefore, that they are not production expense. We classify certain production labour as indirect, in order to facilitate our internal cost accounting. This, however, does not convert productive labour cost into overhead. Of the figures on page 13 of the Report the item of indirect labour and salaries represents no less than \$181,382 of wages for labour directly entering into the manufacture of our products. In other words, of the total of indirect labour and salaries quoted as amounting to \$265,197, only \$83,815 is properly to be regarded as an overhead item. The details of the latter figure are shown in attached Schedule 3.

Mr. Evans seems to have had, on page 14, some doubt about his conclusions but to have decided not to attempt to clear up his doubt. In fairness to himself and to us he should have done so.

Beyond that, the item of \$84,387 for fuel and \$48,533 for power and water are clearly items of manufacturing expense which should be eliminated from any set of figures designed to show overhead expense. No percentage of figures combining overhead

that probably proper overhead items, and to
create the impression that the aggregate of overhead
expense is an unreasonable and impractical percentage
of sales value. (See the observation on
page 14 of the Report that the company's mills are
high overhead mills'. Mr. Evans has fastened upon
a classification in our accounting system of over-
head wages as representing indirect labour, and has
assumed, therefore, that they are not production
expense. We classify certain production labour as
indirect, in order to facilitate our internal cost
accounting. This, however, does not convert pro-
ductive labour cost into overhead. Of the figures
on page 13 of the Report the item of indirect
labour and salaries represents no less than \$181,38
of wages for labour directly entering into the manu-
facture of our products. In other words, of the
total of indirect labour and salaries quoted as
amounting to \$365,197, only \$181,38 is properly to
be regarded as an overhead item. The details of
the latter figure are shown in attached Schedule 3.
Mr. Evans seems to have had, on page 14, some
difficulty in understanding the fact that the
to attempt to clear up his doubt. In fairness to
himself and to us he should have gone so.
Beyond that, the item of \$84,387 for fuel and
\$48,383 for power and water are clearly items of
manufacturing expense which should be eliminated
from the list of overhead items in our accounts.

items and an arbitrarily chosen part of manufacturing expense can have any significance in revealing the true condition of the business.

5 If the items above mentioned are eliminated from the startling total of \$756,309, the proper total of what are called 'expenses', before bond interest and depreciation, is \$441,507, or 15.2 per cent of net sales; and, including bond interest, is \$505,017, or 17.4 per cent of net sales.

10 It will be observed that we have not criticized the inclusion in overhead of selling expense, although the effect of so doing must be to magnify the importance of the overhead item. Properly speaking, selling expense is not an overhead item, and in regard to this item Mr. Evans has recognized
15 that our percentage is satisfactory.

We appreciate that the figures resulting from combining these items do not make up the true overhead, which should include depreciation and
20 bond interest, but they do represent a figure that might be regarded as in some way susceptible of reduction or compression.

25 In emphasizing the high ratio of overhead to general sales value, Mr. Evans overlooks the circumstance that in an organization such as ours, which deals with successive stages of manufacture, overhead is not the simple proportion of sales value that it is in a company engaged with only one stage
30 of manufacture. There is, of course, an overhead item in respect of each stage of manufacture —

...the expense can have any significance in re-
...the ... of the ...
...the ... are eliminated
...the ... of \$75,000, the proper
...of what are called 'expenses', before bond
interest and depreciation, is \$44,507, or 15.8 per
cent of net sales; and, including bond interest,
is \$53,017, or 19.4 per cent of net sales.
It will be observed that we have not criticized
the ... in ... of selling expense, al-
though the effect of so doing must be to magnify
the importance of the overhead item. Properly
speaking, selling expense is not an overhead item,
and in regard to this item Mr. Evans has recognized
that our percentage is satisfactory.
We agree also that the figures resulting from
combining these items do not make up the true
overhead, which should include depreciation and
bond interest, but they do represent a figure that
might be regarded as in some way acceptable of
reduction or elimination.
In emphasizing the significance of overhead to
general sales volume, Mr. Evans overlooks the cir-
cumstance that in a transaction such as ours,
which deals with successive stages of manufacturing,
overhead is not the simple proportion of sales volume
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... of ...
... is ...

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spinning, weaving or knitting, dyeing and finishing -- and it is that individual overhead item which is the important thing.

5 We have prepared and attach Schedule 4 showing an analysis of overhead in the Cloth Department at the Hespeler mill, which indicates that the total expense plus overhead (not including bond interest, depreciation or inventory adjustment) is 14.25 per cent of net sales. This is not a high percentage (quite the contrary) and it illustrates the point we make in regard to overhead.

10 We cannot understand the principle on which Mr. Evans deduces (page 10P that the salary ratio in the Orillia branch is 23 per cent of sales, with the same insinuation that overhead is too high. Either deliberately or inadvertently, no account is taken of the fact that the total production of yarn at Orillia, in 1934-35, was \$274,358, not \$55,700. The latter figure represents sales to outside customers only, but the total includes transfers to other units at cost, which must be considered, and for the purpose of fair calculation there should be added a mark-up on the goods transferred.

25 Clerical and Accounting

The criticism which begins on page 6 of Mr. Evans' Report in respect of the elaborate system of cost accounting, 'a large proportion of which serves no useful purpose', is not founded on knowledge of our business. The cost system and clerical methods now used by us were recommended by Peat, Marwick,

spinning, weaving or knitting, dyeing and finishing
-- and it is that individual overhead item which is
the important thing.
We have prepared an attach Schedule A showing
an analysis of overhead in the Cloth Department
at the Beegles Mill, which indicates that the
total expense plus overhead (not including bond
interest, depreciation or inventory adjustment)
is 14.25 per cent of net sales. This is not a high
percentage (quite the contrary) and it is these
the point we make in regard to overhead.
We cannot understand the principle on which the
same figures (page 100) that the salary ratio in
the United States is 32 per cent of sales, with the
same indication that overhead is too high. If the
deliberately or inadvertently, no account is taken
of the fact that the total production of yarn at
Orillia, in 1934-35, was \$274,458, not \$25,700.
The latter figure represents sales to outside
customers only, but the total includes transfers
to other units at cost, which must be considered,
and for the purpose of fair calculation there should
be added a mark-up on the goods transferred.
Material and Supplies
The analysis which begins on page 6 of Mr.
Munn's Report in respect of the elaborate system of
cost accounting, 'a large proportion of which serves
no useful purpose', is not founded on knowledge of
our business. The cost system and method of methods
now used by us were recommended by Best, Mainwick,

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Mitchell & Company following a survey made in 1930, and that work has since been reviewed and approved by Scovell, Wellington & Company. Similar systems are commonly used in other textile manufacturing companies, and we do not know on what basis Mr. Evens' cursory examination of our business would justify us in discarding systems that have been evolved after comprehensive study by experts.

It is true that since the merger the number of clerks employed in compiling records and in cost accounting has increased, but the result of our cost accounting and system of records can best be seen by examining the results of operations in the two comparable years ending June 30 1929 and 1935. We attach Schedule 5, which is a calculation of savings in production costs and in selling and administrative expense, resulting from the methods employed. In this schedule the classification 'raw materials' is used to describe only those materials which appear in the finished product, other than consumable materials such as dyestuffs, etc. The reason for taking 1929 as the base year is that it is the earliest year for which comparative figures are available and that, being the first year of the merger, there had been no substantial changes in manufacturing practice.

Important savings have been made both in the labour costs and the consumable material costs of our production. It will be noted that, although the volume of production measured in units was in 1935 approximately the same as in 1929, as shown

in attached Schedule 6, the type of goods produced in 1935 was of a finer count as regards yarn and of a finer type as regards cloth, so that the relative unit cost in 1935 should have been higher than in 1929. The savings in 1935 as against 1929 are \$283,452.68.

The savings effected can well be illustrated in respect of dyehouse materials. We attach Schedule 7 showing the savings in each of three mills in which dyes are used, for the year 1935 as compared with the earliest period for which records are available. These savings are, for

Hespeler	\$29,241.62
Auburn	24,092.04
Bonner-Worth	<u>8,290.80</u>

\$61,624.46

An important factor in all manufacturing enterprise is the rate of turnover of inventory. A major benefit derived from the accounting and clerical work now done is the speeding up of the turnover of inventory, enabling us to reduce the amount of working capital necessary. This, in turn, is reflected in savings in bank interest and in avoiding so far as possible the carrying over of stocks which may become obsolete and have to be sacrificed.

Schedule 8 shows an increase in the rate of turnover of inventory from 1.92 in 1929 to 3.57 in the five months ending November 30 1935. The falling off in the rate of turnover in the fiscal

in attached schedule 6, the type of goods produced
in 1935 was of a finer sort as regards yarn and
of a finer type as regards cloth, so that the
relative unit cost in 1935 should have been higher
than in 1934. The savings in 1935 as against 1934
are \$332,432.38.

The savings effected can well be illustrated
in respect of viscose materials. Schedule 7
showing the savings in each of three
units in which they are used, for the year 1935
as compared with the earliest period for which
records are available. These savings are, for

Rayon	130,241.88
Wool	25,000.00
Woolen-Wool	1,000.00
	156,241.88

An important factor in all manufacturing enter-
prises is the rate of turnover of inventory. A
major benefit derived from the speeding up of the
clockwork now done is the speeding up of the
turnover of inventory, enabling us to reduce the
amount of working capital necessary. This in
turn, is reflected in savings in bank interest and
in avoiding so far as possible the carrying over
of stocks which may become obsolete and have to
be sacrificed.

Schedule 8 shows an increase in the rate of
turnover of inventory from 1.32 in 1934 to 2.27 in
the five months ending November 10, 1935. This
falling off in the rate of turnover in the first

year ending June 30 1935 is attributable to the failure of buyers to take deliveries under contracts placed at the beginning of the period, at prices higher than those prevailing when the time for delivery arrived; in short, repudiation by our customers of their obligations. The abnormally high rate of turnover for the year 1935-36 period is due in some measure to seasonal variation.

The compilation of records has enabled the better planning of production with the result that deliveries have been prompter and customers more satisfied.

A further important result of the increased clerical work done has been the establishing of better and more reliable credit records, with a resulting sharp decline in the amount of bad debts.

The sum total of economies arrived at has been summarized in the Comparison of Administrative Expenses for the fiscal years ending June 30, 1929 to 1935, inclusive, which is attached as Schedule 9. The reduction in the aggregate of administration expenses, bank interest, purchase discounts, and bad debts shown for each of the several later years is substantial. In 1929 these items amounted to \$157,897.10; in 1935 they were \$107,495.76, the saving being \$50,402.34.

It will be observed that the figures for the years 1932, 1933, 1934 and 1935, are practically constant except for the amounts charged to bad debts. The larger amount in 1933 is due to the writing off of bad debts accumulated from prior to 1931.

year ending June 30 1955 is attributable to the
 placed at the beginning of the period, at which
 higher than those prevailing when the time for
 delivery arrived; in short, transportation by our
 customers of their obligations. The abnormal high
 rate of turnover for the year 1953-54 period is due
 in some measure to seasonal variation.

The compilation of records has enabled the better
 planning of production with the result that delivery
 have been prompter and customers more satisfied.

A further important result of the increased
 clerical work done has been the establishing of
 better and more reliable credit records, with a
 resulting sharp decline in the amount of bad debts.

The sum total of economies arrived at has been
 summarized in the Commission of Administrative
 Expenses for the fiscal years ending June 30, 1955
 to 1955, inclusive, which is attached as Schedule 2.

The reduction in the aggregate of administration
 expenses, bank interest, purchase of materials, and
 bad debts shown for each of the several later years
 is substantial. In 1953 these items amounted to
 \$137,697.10; in 1955 they were \$107,493.76, the
 saving being \$30,203.34.

It will be observed that the figures for the
 years 1953, 1954, 1955 and 1956, are identical in
 the larger amount in 1953 is due to the writing off
 of bad debts accumulated from prior to 1951.

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We think that the foregoing illustrations amply dispose of Mr. Evans' charge that the records kept are not useful and that the management is 'academic' and 'insufficiently practical'.

5 Referring back to Schedule 5 of this memorandum, it will be observed that, notwithstanding the fact that the dollar volume of 1935 production was lower than in 1929, the reduction in manufacturing expense is nearly \$200,000, and there are important reductions in selling and administration expenses since 1929; and these, coupled with the reduction in similar expense at Hespeler already noted (Schedule 2), are the answer to Mr. Evans' charge (page 4) that large increases have taken the place of expense reductions."

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Then he goes on to deal with Sales and Purchasing, which is the part my friend read a few moments ago.

MR. McRUER: Yes, I read the section on Sales Policy.

20 MR. KILLOCK: Did you read what you have marked in red pencil?

MR. McRUER: I read the whole of that section on Sales Policy.

25 MR. KILLOCK: Then there is no use repeating that. The Memorandum continues:

"General Observations"

Apart from the matters already discussed, losses have been due to two principal causes:

- 30 (1) The increase in the number of manufacturers producing competitive goods.

M. McMurrah: Yes, I read the section on sales which is the part my friend read a few moments ago. Then he goes on to deal with sales and financing.

and May 1967. Isolated"

(2) The very difficult conditions in the raw material and finished goods markets.

As to competition, following the increases in the customs tariff in 1930, no less than six British companies established branches in Canada. These branches have steadily refused to enter into price agreements and have been responsible for considerable price-cutting. Three of them rapidly became insolvent. At least four of our Canadian competitors who had not previously manufactured cloth entered our field, and five new worsted spinning plants have been installed.

As to difficulties in the raw material and finished goods market, three principal factors have been at work:

(1) A decline in the purchasing power of the country, causing sharply reduced demand.

An increased production of Canadian goods has been at the expense of reduced imports.

(2) The increase in the number of competitors previously referred to.

(3) Promises given to the Government when the tariff was increased in 1930 that prices would not be increased have been responsible for a scramble for volume at the expense of price.

While, theoretically, a decline in raw material prices of a given percentage should produce a decline of only half that percentage in finished goods prices, more violent fluctuations have been

(2) The very difficult conditions in the new material and finished goods markets. As to competition, following the increase in the customs tariff in 1950, no less than six British companies entered the market in 1950. These companies have steadily increased their share of the market and have been responsible for considerable price-cutting. Three of these companies remain dominant. At least four of our Canadian competitors who had not previously manufactured cloth entered our field, and five new worsted spinning plants have been installed. As to difficulties in the raw material and finished goods market, three principal factors have been at work:

(1) A decline in the purchasing power of the country, causing sharply reduced demand. An increased production of Canadian goods has been at the expense of reduced imports.

(2) The increase in the number of competitors previously referred to.

(3) Promises given to the Government when the tariff was increased in 1950 that prices would not be increased have been responsible for a remarkable for volume at the expense of price.

While, theoretically, a decline in raw material prices of a given percentage should produce a similar decline in the price of finished goods, more violent fluctuations have been

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felt in the Canadian market since 1930."

THE COMMISSIONER: Does that mean that as a general rule raw material in this industry is half of the cost?

MR. KELLOCK: I so understand it, my lord, yes.

THE COMMISSIONER: It sounds like that.

MR. KELLOCK: The Memorandum continues:

"We quote from the circular dated November 1, 1935, issued by the Canadian Woollen & Knit Goods Manufacturers' Association: 'What actually happened to the prices of representative mills is as follows:

16 oz. botany blue worsted: 1930 mill price \$2.16 per lb.; 1935 price \$1.60 per lb.; raw material about 4 cents per lb. higher than in 1930.

Standard white blanket: 1930 mill price 85 cents per lb.; 1935, 52 cents per lb.; raw material about 4 cents per lb. lower than in 1930.'

The spread between raw material and selling prices has narrowed more rapidly than the decline in raw material prices. This may also be seen from the comparative table of the prices of 14 oz and 15 oz. serges of our manufacture and of the wool and top used as of September in each year, as follows:

is in the Canadian market since 1955.

The material is being in part of

the point.

I am not sure if, on hand, yes.

The material is being in part of

The material is being in part of

The material is being in part of

The material is being in part of

The material is being in part of

The material is being in part of

as follows:

is on, nothing like material: 1955 will be

1.15 per lb.; 1956 will be 1.20 per lb.; now

material about 4 cents per lb.; lower than in

material about 4 cents per lb.; lower than in

material about 4 cents per lb.; lower than in

material about 4 cents per lb.; lower than in

1955.

The material is being in part of

The material is being in part of

The material is being in part of

The material is being in part of

The material is being in part of

The material is being in part of

The material is being in part of

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15 oz. Wool-filled Sarge

Year	Price per Yard	Cost of Wool & Top per yd.	Spread
1931	1.80	.722	1.078
1932	1.60	.639	.961
1933	1.42	.779	.641
1934	1.60	.847	.753
1935	.46	.796	.664

14 oz. Grey Sarge

Year	Price per Yard	Cost of Top per Yard	Spread
1931	1.25	.572	1.278
1932	1.49	.491	.999
1933	1.43	.636	.794
1934	1.63	.721	.909
1935	1.461	.65	.81

In this table the prices for sarge are given in dollars per yard set out in the first column, the cost of the top required to make a yard is set out in the second column, and the spread appears in the third column.

We did not create this condition. We had to meet it, and have kept our volume of sales without price-cutting, but with some inevitable consequence to our profit and loss account.

As raw material prices advance, the price of finished goods is being stepped up to a greater extent. This will appear from the example given on pages 9 and 10.

1918-1919

TABLE NO. 10 - 1918-1919

Year	1918	1919	1920
1918	1.00	1.00	1.00
1919	1.00	1.00	1.00
1920	1.00	1.00	1.00
1921	1.00	1.00	1.00
1922	1.00	1.00	1.00

TABLE NO. 11 - 1918-1919

Year	1918	1919	1920
1918	1.00	1.00	1.00
1919	1.00	1.00	1.00
1920	1.00	1.00	1.00
1921	1.00	1.00	1.00
1922	1.00	1.00	1.00

In this table the prices for cereals are given in dollars per yard set out in the first column, the cost of the top required to make a yard is set out in the second column, and the spread appears in the third column.

We do not create this condition. We had to meet it, and have kept our volume of sales without price-cutting, but with some inevitable consequences to our profit and loss account.

As raw material prices advance, the price of finished goods is being stepped up to a greater extent. This will appear from the example given on pages 9 and 10.

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Hows on

MillsHespeler Mill

5 In this mill some capital replacements are necessary in dyehouse equipment and from time to time looms should be replaced as funds are available.

10 The fuel cost depends very much on the amount of dyeing, scouring, and finishing done. While the better insulation of steam pipes would effect some economies, we do not consider them sufficiently important to justify immediate expenditure. Hot water storage tanks for preheating process water would effect greater economies.

15 As to personnel, Mr. Evans says (page 14) 'No records are available for the Hespeler mill. The number of executives and officers, with the resulting expense, is now greatly in excess of that permitted by the late Mr. Forbes'. We have given an analysis in Schedule 2 of the salaries at the Hespeler mill. We challenge the accuracy of the statement on page 6 that the mill is over-
20 staffed. We investigated the R. Forbes Company payroll for the year ending November 30 1927.

25 To clarify the results of this investigation we separated in Schedule 2 the supervisory from the clerical staff. In the supervisory staff we included president, vice-president, general manager, superintendents, engineer, office manager,
30 foremen, designer, designer's assistants, and

NAME

DATE

REPORT

In this will some capital requirements are
necessary in telephone equipment and from time to
time loans should be required as funds are
available.
The total cost depends very much on the amount
of delay, economy, and financing. While
the better insulation of steam pipes would effect
some economies, we do not consider them sufficient-
ly important to justify immediate expenditures.
Hot water storage tanks for protecting process
from winter weather would be desirable.
As to personnel, Mr. Evans says (page 14)
'No records are available for the Mesopotamian Mill.
The number of executives and officers, with the
resulting expense, is now greatly in excess of
that permitted by the late Mr. Forbes'. We have
given an analysis in Schedule 2 of the salaries
at the Mesopotamian Mill. We challenge the accuracy
of the statement on page 6 that the mill is over-
staffed. We investigated the R. Forbes Company
payroll for the year ending November 30 1937.
To clarify the results of this investigation we
separated in Schedule 2 the supervisory from the
clerical staff. In the supervisory staff we
included president, vice-president, general
manager, superintendents, engineers, office manager
Assistant, telephone, and other personnel.

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chemist. The total for the Forbes mill was 39
and the total for our company 45. The differences
are that in the place of three senior executives
we now have one manager; we employ seven super-
intendents as against eight; thirty foremen as
against twenty-four; and three designer's
assistants not shown on the Forbes payroll. The
three extra foremen are now required on account
of night shifts, which were not operating at
the Forbes mill for that year.

most

It is also/probable that the designer's
assistants were listed elsewhere in the Forbes
payroll.

This proves conclusively that the super-
visory staff has not been increased, and the
result is not surprising because the staff is
determined by the variety of processes carried on.

That these numbers are reasonable can be
seen from a comparison of the output in the two
years, which follows:"

Then follows a table which compares the situation in
the Forbes Company for the period December 1, 1926,
to November 30, 1927, as against Dominion Woollen &
Worsted from November 1, 1934, to October 31, 1935:

<u>Department</u>	R. Forbes Co. Dec.1/26 to <u>Nov. 30/27</u>	D.W. & W. Ltd Nov.1/34 to <u>Oct. 31/35</u>
Dyeing	1,581,639 lbs.	1,361,504 lbs.
Woollen Spinning	311,236	688,538
Worsted Spinning	469,907	693,655

(App. Av. Ct. 12's) (Apr. Av. Ct. 22's)

13130

Howson

Knitting 27,890 doz. 26,092 doz.

Cloth 438,634 yds. 379,406 yds.

Hand Knitting Yarn

Woollen Hosiery

Worsted Hosiery

Yarn Shipping

Department 873,134 lbs. 364,508 lbs.

(Yarn supplied for
this department is
included in the
production figures
given for woollen and
worsted spinning and
should not be used as
an addition to the
woollen and worsted
yarn spinning production)

As to the clerical and accounting staff,
the results of their work have already been dealt
with, and mere criticism of the numbers employed
and the amount paid for their remuneration, without
attention to the economies resulting from the work
done by them, is meaningless.

As to earnings, it would be more useful to
study the figures at the end of Schedule 2 of Mr.
Evans' Report than to pay attention to the figures
of the total loss appearing on page 6, which
include many items that are not likely to recur.

The making of tweeds and other woollen cloths
at Hespeler can hardly be called experimental
because there is at Hespeler carding and spinning
machinery capable of making the yarn required,
which was neither fully nor profitably employed
in making yarns to be sold in the knitting trade.

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with, and more criticism of the number analysis of

As to examining it would be more useful to

study the figures at the end of November 8 of Mr.

Bonner-Worth Mill

As to the charge that this mill is over-staffed, the same observations apply here as have been made in other parts of this Memorandum. So far as the supervisory staff is concerned, the mill is understaffed when it is running at 40 per cent over day capacity.

No comment appears to be required on other observations by Mr. Evans.

Crillia Mill

The deduction that there should be a transfer to this mill of spinning activity of other mills, based as it is upon a faulty assumption as to the amount of sales of yarn (already dealt with on page 5 of this Memorandum), is misconceived.

Auburn Mill

We consider that the machinery in this mill is in good condition except for the spinning and weaving departments. The carding machinery and most of the finishing machinery -- such as nappers shears, presses, etc. -- are in good condition and are expensive equipment. We desire to instal new automatic looms at an estimated cost of \$40,000. Such a purchase would effect a saving of not less than \$15,000 in yearly wages alone. We also desire to instal new spinning machinery, at a cost of \$50,000, which would eliminate the filling winding which now costs us \$11,000 yearly.

SPINNING MILL

As to the charge that this mill is over-stated
the same observation applies here as has been made
in other parts of this memorandum. So far as
the supervisory staff is concerned, the mill is
understaffed when it is running at 40 per cent.

MANUFACTURING

No comment appears to be required on other
observations by Mr. Evans.

WEAVING MILL

The suggestion that there should be a transfer
to this mill of spinning activity of other mills,
based as it is upon a faulty assumption as to
the amount of sales of yarn (already dealt with
on page 5 of this memorandum), is misconceived.

FINISHING MILL

We consider that the machinery in this mill
is in good condition except for the spinning and
weaving departments. The carding machinery and
most of the finishing machinery -- such as reppers,
shears, presses, etc. -- are in good condition
and are expensive equipment. We desire to install
new automatic looms at an estimated cost of
\$40,000. Such a purchase would effect a saving
of not less than \$15,000 in yearly wages alone.
We also desire to install new spinning machinery,
at a cost of \$30,000, which would eliminate the
illness and injury which cost us \$11,000 yearly.

We do not agree that a further \$50,000 or \$75,000 expenditure will be necessary in one or two years.

Air-moistening equipment, while desirable, is not essential.

One new boiler should be installed to replace two small ones which have not been re-set. The estimated expense is less than \$10,000.

We attribute the poor earning record of this mill to four factors:

(1) Closing down in 1930 and loss of organization.

(2) Old equipment

(3) Frequent changes in management

(4) Manufacture of excessive quantities of second-class and sub-standard merchandise, and inventory losses.

When the mill was reopened after the 1930 tariff changes, capital replacements should have been made and the mill properly equipped. Rehabilitation was delayed for two years, and the expense for rearranging machinery and repairs was charged to operations, thereby contributing to the heavy losses since 1932. Rehabilitation is still incomplete.

Heavy losses in the years 1934 and 1935 were in a measure due to the decline in wool prices, as well as to injudicious purchasing, which has been referred to on page 9. Cancellation of orders due to the making of defective cloth, contributed

We do not agree that a further \$50,000 or

\$75,000 expenditure will be necessary in one or

two years.

At-maintaining equipment, while desirable, is

not essential.

One new boiler should be installed to replace

two small ones which have not been re-set. The

estimated expense is less than \$10,000.

We attribute the poor carrying record of this

mill to four reasons:

(1) Closing down in 1930 and loss of organiza-

tion.

(2) Old equipment

(3) Frequent changes in management

(4) Manufacture of excessive quantities of

second-class and sub-standard merchandise, and

inventory losses.

When the mill was reopened after the 1930

tariff changes, capital requirements should have

been made and the mill properly equipped. Re-

habilitation was delayed for two years, and the

expense for retooling machinery and repairs was

charged to operations, thereby contributing to

the heavy losses since 1932. Rehabilitation is

still incomplete.

Heavy losses in the years 1934 and 1935 were

in a measure due to the decline in wool prices,

as well as to inefficient processing, which has

been related to the poor carrying record of this

mill. The losses in 1934 and 1935 were

13133

Howson

in a large measure to losses.

5 The present management of the mill, under a controller and superintendent, who have been in control nearly a year, has demonstrated its ability to handle the situation, and monthly operating statements now show a decided improvement."

Then follow Recommendations and Criticism:

"Recommendation 1

10 From a manufacturing standpoint it is not desirable to produce woollens and worsteds in the same plant. This is not general practice in either Canada or Great Britain.

15 The cost of dismantling the Auburn mill and equipping it for either combing or dyeing and finishing would be considerable -- we estimate at least \$50,000 -- and we do not see where funds could be obtained for the purpose.

20 Our experience in combing does not indicate the possibility of profit. Ample facilities for dyeing and finishing are provided by plants now in existence, and we could look only to our competitors for the necessary output.

25 We are advised by Counsel that the Trust Deed securing the company's outstanding bonds does not permit of the transfer of this mill to a subsidiary company. A copy of Mr. E. G. Long's opinion on this subject is attached as Schedule 10.

30 Our alternative, having in mind that the mill is now under capable management and that considerable sums have been expended on this equipment,

REPORT

1913

in a large measure to losses.

The present management of the mill, under a

controller and superintendent, who have been in

control nearly a year, has demonstrated its ability

to handle the situation, and recently operating

statements now show a decided improvement."

When various recommendations and criticisms

"Recommendation 1"

From a manufacturing standpoint it is not

desirable to have woolens and worsteds in the

same plant. This is not general practice in

other Canada or Great Britain.

The cost of separating the fabric mill

and equipping it for either spinning or dyeing and

finishing would be considerable -- we estimate at

least \$50,000 -- and we do not see where funds

would be obtained for the purpose.

Our experience in spinning goes not in-

dispute the possibility of profit. Ample facilities

for dyeing and finishing are provided by plants now

in existence, and we could look only to our own

plant for the necessary capital.

We are advised by Counsel that the Trust

has decided to transfer the spinning mill to a sub-

not permit of the transfer of this mill to a sub-

sidary company. A copy of Mr. H. O. Long's

opinion on this subject is attached as Schedule 10.

Our alternative, having in mind the fact

that the mill is now under capable management and that con-

is to continue operations for a further period and to furnish the mill with twenty new automatic looms at a cost of not more than \$40,000, postponing expenditure on spinning machinery until funds are available.

If the operations do not prove successful, we would close the mill, moving to Hespeler all the machinery required, including the automatic looms, and sell the building and remaining equipment for what we could get from it, to avoid carrying charges.

Recommendation 2

Further reduction in administration and other controllable expense cannot be made without disorganizing the entire company.

Recommendation 3

We have never intended to follow any other than a conservative policy in wool buying.

Recommendation 4

The company does cooperate with its competitors in endeavouring to obtain profitable prices.

As to the suggestion on page 12 that the head office should be moved to Hespeler, we infer from the absence of a recommendation that Mr. Evans was not fully convinced on this subject. No doubt this would effect some savings, but these would be offset by the loss of very substantial advantages which cannot accurately be measured in dollars:

13124

HOWSON

is to continue operations for a further period and to furnish the mill with twenty new automatic looms at a cost of not more than \$40,000, postponing expenditure on spinning machinery until funds are available.

If the operations do not prove successful, we would close the mill, moving to Hensley all the machinery required, including the automatic looms, and sell the building and remaining equipment for what we could get for it, to avoid carrying charges.

Recommendation 3

Further action in administration and other controllable expense cannot be made without seriously affecting the entire company.

Recommendation 4

We have never intended to follow any other than a conservative policy in wool buying.

Recommendation 5

The company does cooperate with its creditors in endeavouring to obtain profitable

As to the suggestion on page 12 that the office should be moved to Hensley, we infer from the absence of a recommendation that Mr. Evans was not fully convinced on this subject. No doubt this would effect some savings, but these would be offset by the loss of very substantial amounts of money which would be required to be paid

(1) Close contact between the general manager and the selling department is necessary, and the necessity for close contact with the finished goods market requires that the sales department be in Toronto.

(2) The credit department cannot be separated from the accounting department. A large part of our business is done in Toronto, and contacts with customers and with credit agencies can best be made when the head office is in Toronto.

(3) The purchasing department, which must be associated with the general office, is in closer contact with suppliers and purchases on a more economical basis as a result.

(4) The advantage of having close contact with the bank at Toronto should ^{not} be underestimated.

We regret that Mr. Evans' Report has not furnished us with any ideas helpful in the conduct of our business."

Then comes the conclusion:

"Conclusion

"In the last analysis, the question must be whether the business can be operated at a profit or whether the analysis made by Mr. Evans is correct and can be viewed as a demonstration of the impossibility of profit being obtained.

We challenge the conclusion that the losses reflected in the statements embodied in Mr. Evans' Report are a satisfactory indication of the condition and prospects of the business. Those

and the selling department is necessary, and the necessity for close contact with the finished goods market requires that the sales department be in Toronto.

(2) The credit department cannot be separated from the selling department, as the business is done in Toronto, and a credit department and with credit relations can best be made when the credit office is in Toronto.

(3) The purchasing department, which must be associated with the general office, is in close contact with suppliers and customers on a more economical basis as a result.

(4) The advantage of having close contact with the bank at Toronto should be understood. We regret that Mr. Evans' Report has not furnished us with any ideas helpful in the matter.

When given the consideration:

"In the last analysis, the question must be whether the business can be operated at a profit or whether the analysis made by Mr. Evans is correct and can be viewed as a demonstration of the impossibility of profit being obtained. We challenge the conclusion that the losses set forth in the statements embodied in Mr. Evans' Report are a satisfactory indication of the condition and prospects of the business.

5 losses have been magnified in the statement, and
sufficient attention has not been paid to dis-
tinguishing between capital losses rendered
inevitable by the necessity for scaling down the
initial set-up of the company and losses which
could fairly be charged to operations.

10 Demand for finished goods is improving, and
prices are rising. Our conclusion is that,
properly regarded and analyzed, the results of
operation in the last five years reveal progress
and forecast the probability of the rehabilitation
of the business."

The rest are just the Schedules, my lord.

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-- The Commission adjourned at 5.15 p.m., to resume
at 10.30 a.m. Saturday, November 21, 1936.

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13137

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner.

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A.S. Whiteley, Secretary,

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NINETY - SIXTH DAY

(November 21st 1936)

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Robert Brydie,
Official Reporter.

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner.

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A.S. Whiteley, Secretary,

A p p e a r a n c e s :

10

J.C. McRuer, K.C.)

and

E. Beauregard, K.C.)

Commission Counsel,

J.P. Lanctot, K.C.)

and

R.L. Kellock, K.C.)

For Special Committee
on Primary Textile
Industries.

15

C.G. Heward, K.C.)

Aime Geoffrion, K.C.)

and

C.T. Ballantyne,)

For Dominion Textile
Company.

S.G. Dixon, K.C.

For Courtaulds Limited.

L.A. Forsyth, K.C.

For Canadian Celanese
Limited, and Canadian
Silk Products Limited.

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A.S. Bruneau, K.C.

For Canadian Cottons Ltd.

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12139

Ottawa, Ontario,
November 21, 1936.

-- The Commission resumed at 10.30 a.m.

C. FRASER ELLIOTT Sworn.

EXAMINED BY MR. McRUER.

Q. Mr. Elliott, you are the Commissioner of
Income Tax for the Dominion of Canada? A. I am.

Q. How long have you been Commissioner?

A. Since August of 1932.

Q. And you had been for some time previous in
the employ of the Department of National Revenue?

A. Since August of 1919.

Q. And you are a King's Counsel, are you not?

A. I am.

Q. I want to read to you certain passages
that have been given in evidence before this Commis-
sion in respect to the affairs of Canadian Cottons
Limited. First, from the evidence of A. O. Dawson,
commencing at page 11354, line 24:

"Q. (by Mr. McRuer) I have no objection
to you keeping a reserve but I do have objection
to you concealing it from the people, having a
concealed reserve as you call it. A. It is
a very wise thing to have that undisclosed
reserve because it is changing continuously.
That is my opinion.

Q. Did you disclose that profit of
\$400,000 to the Income Tax Department?"

October 21, 1932.

-- The Commission resumed at 10.30 a.m.

ALLIANCE INVESTMENT

MANAGEMENT BY MR. BRYDIE

Q. Now I want to ask you a question about the

income tax for the Dominion of Canada? A. I am.

Q. How long have you been Commissioner?

A. Since August of 1932.

10

Q. And you had been for some time previous in

the employ of the Department of National Revenue?

A. Since August of 1919.

Q. And you are a King's Counsel, are you not?

A. I am.

12

Q. I want to read to you certain passages

that have been given in evidence before this Commission

in respect to the affairs of Canadian Cottons

Limited. First, from the evidence of A. C. Dawson,

commencing at page 11854, line 24:

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"Q. (by Mr. McNair) I have no objection

to your keeping a reserve but I do have objection

to your concealing it from the public, having a

concealed reserve as you call it. A. It is

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a very wise thing to have that undisclosed

reserve because it is a hanging continuously.

That is my opinion.

A. The Commission has heard it.

\$400,000 to the Income Tax Department?"

24

Now the profit that is referred to there was a \$400,000 increase in the reserve in the year ending March 31, 1935, which is shown at page 11353. Now I continue to quote from the evidence at page 11354:

5 "Q. (by Mr. McRuer) Did you disclose that profit of \$400,000 to the Income Tax Department?

A. The Income Tax Department takes care of itself in that when the reserves come into cash, into profits they get their full returns.

10 Q. There is \$2,277,000 here that has not been disclosed then, we may take it, to the proper taxing authorities? A. I think, my lord, if you will put Mr. Brown in the box; I asked him that very question, what effect this reserve had upon income tax return and he advised me that had these profits in inventory been put into the statement year by year that the company would have been better off than it is today. In other words, the government did not lose a copper by it.

15 BY THE COMMISSIONER: Q. The Government did not what? A. That the Government made a profit by the way, the method the business was handled by keeping this reserve against losses, unforeseen losses. I might say, in one year alone, by way of showing the necessity and value of keeping an undisclosed reserve, because of the reduction in cotton in one year we lost, that inventory reserve went down by over a million dollars."

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WILLIOTT

19140

on the profit that is referred to there was a
140,000 loss in the year ending
March 31, 1935, which is shown at page 113A. Now
I continue to quote from the evidence at page 113A:
"A. (By Mr. Bradie) Did you find out that
profit of 140,000 to the Ins. Tax Department?
A. The Income Tax Department takes care of
itself in that when the reserves come into
being, into profits they get their full return.
Q. There is 14,277,000 here that has not
been disclosed then, we say that it, to the
proper taxing authority?
A. I think, my lord, if you will put me, known in the box;
cannot find that very question, what effect this
reserve had upon income tax return and he
advised me that had those profits in inventory
been put into the statement year by year that
the company would have been better off than it
is today. In other words, the government did
not lose a copper by it.
BY THE COURT: Q. The
A. That the Government
did not what?
made a profit by the way, the method the profit
was handled by keeping this reserve
losses, unforeseen losses. I might say, in
one year alone, by way of showing the necessity
and value of keeping an undischarged reserve,
some of the questions in question is one
of loss, and another one is a loss
may be a loss."

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13141

Elliott

Again, at page 11367, line 13:

5 "Q. (by Mr. McRuer) Now, were the reserves that were built up in a period of five years from nothing to \$2,312,000 disclosed to the proper taxing authorities who would levy the Special War Revenue against them ?"

10 That is referring to the reserve that was built up in the years 1916, 1917, 1918, 1919 and 1920, and the Special War Revenue referred to was the Business Profits Act that was in force during the year. The evidence goes on:

"A. Well, the books were examined by the representatives of the Government.

15 "Q. I am not saying that; they might examine your books and never find this ?

A. No, they certainly could find it."

Then at page 11374, line 21:

20 "Q. (by Mr. McRuer) You do not think that you ought to pay the government the war revenue tax that would be payable to the government on the basis of the profits you actually made in those war years? A. I say that if we paid the government and revealed our hidden reserve, as you may call it, our reserve inventory, the government would have lost money from us today and would have received less taxation than they have received.

30 Q. The income tax is one thing, the Special War Revenue law is another, and there

Witness

12141

again, at page 11367, line 13:

"Q. (by Mr. McNair) Now, were the reserves

that were built up in a period of five years in

nothing to \$2,312,000 disclosed to the proper

taxing authorities who would levy the special

war reserve against them?"

That is referring to the reserve that was built up

in the years 1916, 1917, 1918, 1919 and 1920, and

the special war reserve referred to was the

Business Profits Act that was in force during the

year. The evidence goes on:

"A. Well, the books were examined by the

representatives of the Government.

Q. I am not saying that; they might

examine your books and never find this?

A. No, I am not saying that.

Then at page 11374, line 21:

"Q. (by Mr. McNair) You do not think that

you ought to pay the government the war reserve

tax that would be payable to the government

on the basis of the profits you actually made

in those war years? A. I say that if

we paid the government and revealed our hidden

reserve, as you may call it, our reserve

inventory, the government would have lost money

from us today and would have received less

taxation than they have received.

Q. The reserve was a hidden reserve, was it?

A. Yes, it was a hidden reserve, and it was

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13142

Elliott

5 were three or four years in which you built up an inventory reserve at an average of \$400,000 a year, and there would be war revenue tax payable on that if you had disclosed it to the government, would not there? A. Eventually, but it went to the government."

Then some evidence given by Mr. Brown at page 11400, line 30:

10 "Q. (by Mr. Kellock) Are you able to say, Mr. Brown, from your investigation as to whether or not in the earlier years referred to by my friend this morning, 1916 to 1920, whether or not the existence of the inventory reserve that we have heard so much about was disclosed to the Government authorities?

15 A. Yes, in the earlier years, I think —"

The witness breaks off there, and the evidence goes on:

20 "BY THE COMMISSIONER: Q. Please speak so I can hear you? A. When the inventory reserve was being created the matter was, to my knowledge, discussed with the Income Tax officials at Ottawa.

25 Q. By Mr. McRuer: Q. Who? A. Mr. Breadner, I think was the gentleman.

Q. He is dead now? A. Yes.

Mr. Kellock: His Department.

The Commissioner: Mr. Breadner.

30 Mr. McRuer: Mr. Breadner is dead.

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were three or four years in which you built

an inventory reserve at an average of

\$400,000 a year, and there would be with respect

tax payable on that if you had disclosed it

the government, would not there?

Yes, but it went to the government.

Now some evidence given by Mr. Brown at page 11400

11400

"A. (by Mr. McInnes) Are you able to

say, Mr. Brown, from your investigation as to

whether or not in the earlier years referred

to by my friend this morning, 1916 to 1920,

whether or not the existence of the inventory

reserve that we have heard so much about was

disclosed to the Government authorities?

A. Yes, in the earlier years, I think --

The witness agrees off there, and the evidence

goes on:

"BY THE COMMISSIONER: A. Please speak as I

was being created the matter was, to my

knowledge, discussed with the Income Tax

officials at Ottawa.

A. By Mr. McInnes: A. When A. Mr.

Brechner, I think was the gentleman.

A. He is dead now?

A. Yes.

Now, I think, the government.

Now, I think, the government.

Now, I think, the government.

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By Mr. Kellock: Q. Mr. Breadner was the Commissioner who administered not only the Business Profits War Tax Act which has not survived but the Income War Tax Act which is still in force; is that right? A. I think so.

Q. Mr. Brown, is this inventory reserve that we have heard so much about, is it a real inventory or is it more of a method of taking inventory? A. You mean, is it a real reserve?

Q. Yes?

Mr. McRuer: There is not much use having it if it isn't. A. It is a reserve which must not be confused with other reserves. We have other reserves set up in the books and clearly outlined as to the purpose, for instance the depreciation reserve and other reserves. This reserve does not appear on the books of the company.

By The Commissioner: Q. Where does it appear? A. It does not appear anywhere, Your Lordship. It is a matter of the computation of the inventory as at the end of each fiscal period.

By Mr. Kellock: Q. I asked you is it a real reserve or a method of computing the inventory? A. It is a reserve and it is a method of computing the inventory.

Q. Now, the company takes inventory

once a year or twice a year? A. I cannot say, I think twice a year, it all depends.

5 Q. Does the inventory itself show that is a reserve? A. The inventory records do.

10 Q. The inventory records themselves show it is a reserve? A. They don't show it in the actual amount but they show the discounts."

Then at page 11403, line 5:

15 "Q. (by Mr. Kellock) A less scrupulous concern than Canadian Cottons might well arrive at the same results by simply showing the discounted value of the individual items and the total as well without necessarily showing that the actual value of the items was so much and the discount so much? A. Yes. It would be hard for an outsider coming in to arrive at the inventory reserve unless it was shown as clearly as it is on the books of the Canadian Cottons.

25 Q. Is it shown perfectly clearly on the records of the Canadian Cotton Company?

A. Absolutely, yes."

Then at page 11410, line 2:

30 "Q. (by Mr. McRuer) How were you able to tell my friend that this matter, of the transfer of \$379,000 to inventory reserve was

Once a year or twice a year?

I cannot say, I think twice a year, if it is

2. Does the inventory itself show that

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show it is a relative? . . . They don't

show it in the actual amount but they show

the 4 is out of

There is no other person named in the letter.

arrive at the inventory reserve and as it was

shown as clearly as it is on the books of the

records of the Egyptian Cotton Company?

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"4. (by Mr. Mohrner) How were you able

and to, resten and rest base hit

Transfer of \$25,000 to inventory

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disclosed to Mr. Breadner in 1916 ?

A. No, I didn't say that, Mr. McRuer."

That, Mr. Elliott, is referring to the first item that is shown in Exhibit 796 as being appropriated to the inventory reserve in 1916. May I read the question again?

"Q. How were you able to tell my friend that this matter, of the transfer of \$579,000 to inventory reserve was disclosed to Mr. Breadner in 1916 ? A. No, I didn't say that, Mr. McRuer.

Q. Well, I certainly understood you to say that. That was the impression left with me, left on my mind, that you said "to my knowledge it was taken up".

Mr. Kellock: What he said was when he made his investigation of the facts in order to furnish the information to the Commission he found that out.

By Mr. McRuer: Q. You said it was done to your knowledge. A. I said it was discussed with Mr. Breadner.

Q. To your knowledge, you said; those were the words you used. Do you think it is fair to this Commission to have reserves like that undisclosed ? I seem to have to prod and prod. You said the matter to your knowledge was discussed with Mr. Breadner."

I think there is an error in the reporting there. I

disclosed to Mr. Brewster in 1910?

A. No, I didn't say that, Mr. Brewster.

That Mr. Elliott is referring to the 11th item

that is shown in Exhibit 755 as being appropriated

to the inventory reserve in 1910. Now I read the

question again?

"... Now were you able to tell us

friend that this letter, of the transfer of

\$75,000 to inventory reserve was disclosed to

Mr. Brewster in 1910? A. No, I didn't

say that, Mr. Brewster.

Q. Well, I certainly understood you to

say that. That was the impression left with me

left on my mind, that you said "to my knowledge

it was taken up."

Mr. Elliott: What he said was when he

made his investigation of the facts in order

to furnish the information to the Commission he

found that...

By Mr. Brewster: Q. You said it was done

to your knowledge. A. I said it was disclosed

with Mr. Brewster.

Q. To your knowledge, you said; those

... that you were not sure...

felt to this Commission to have reserves like this

undisclosed? I seem to have misunderstood and pro-

You said the letter to your knowledge was dis-

... that was the impression...

I think there is no error in the recording there.

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think I said: Do you think it is fair to the Commission to have reserves like that. It was Mr. Brown's mental reservations, not the reserves of the Company I was referring to. Then at page 11419, line 8:

"Mr. McRuer: Yes, that bothers me. How do you justify the statement that you make that the government got everything they were entitled to in taxes because if they lost it one year they got it in the next when we have you still with an inventory reserve of \$2,200,000.

A. No. The point, I think -- Mr. Dawson probably misquoted me there. The point I made was this, that this is a reserve for use in years when the company tax was small, 8 per cent, 9, 10, 11 and 12 and so on. As this reserve was brought back into the company's profits, as they ultimately will be, the rate of income tax is considerably higher. Instead of being 7, 8 or 9 per cent on the amount it has now stepped up to 15 per cent."

Then in the evidence of Mr. Dawson, commencing at page 12064, line 4:

"Mr. McRuer: All right; well then, get me the Exhibit, please, that was filed. You have gone over the figures, have you, Mr. Dawson, that are shown in Exhibit 796,--"

That is the list of inventory reserves, showing the items at the end of each year from 1916 to 1936.

It continues:

"You have gone over the figures, have you, Mr. Dawson, that are shown in Exhibit 796, which shows the state of the inventory reserve year by year? A. I heard those figures presented to the Commission in Montreal.

Q. Do you suggest that is the first you have heard of them? A. In this form; I knew there was a reserve, yes. I knew there was a reserve, or estimates of inventory reserve. They were only estimates.

Q. Why do you say they were estimates; as a matter of fact, your reserve was carefully calculated on a basis each year by a percentage deduction from what it actually was, the inventory actually was? A. Yes, but it must be an estimate at the best because this thing changes continuously.

Q. Well, we will probably get from Mr. Brown in a little while how it was actually done, but you knew, did you not, each year what the calculation was for reserve?

A. I knew that there was a tax, an income tax on profits, not on inventory, as I understand it.

Q. No, no, please answer my questions and we will get along. A. You have to answer the best way you can.

Q. I asked a very simple question; did you not know year by year what the estimate was for

"You have gone over the figures, have you,

Mr. Brown, and you are satisfied with them,

show the state of the inventory reserves year

by year, and you are satisfied with them,

presented to the Commission in Montreal.

Q. Do you suggest that is the first you

have heard of them? A. In this form;

I knew there was a reserve, yes. I knew

there was a reserve, or estimates of inventory

reserves, and I was not satisfied.

Q. Why do you say they were estimated;

at a matter of fact, your reserve was estimated

calculated on a basis each year by a committee

deduction from what it actually was, the inventory

actually was? A. Yes, but it was not

be an estimate of the best because this thing

was not satisfactory.

Q. Well, we will probably get from Mr.

Brown in a little while how it was actually

gone, but you knew, did you not, each year

what the calculation was on inventory?

A. I knew that there was a tax, an income

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Q. Now, I am going to ask you a question

and we will get along. A. You have to

answer the best way you can.

Q. I asked a very simple question; did

you know year by year what the estimate was for

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inventory reserve?

A. I knew what the

estimate was, yes. It was only an estimate.

Q. You knew what the auditor had calculated for inventory reserve each year? A. I knew his estimate, yes.

Q. You knew that was not shown in the printed financial statements of the company?

A. It was not shown in the printed financial statements. It was shown in the statements that were submitted to the Government.

Q. Are you swearing that it was? A. Surely.

Q. Well, we will see about that.

By The Commissioner: Q. Pardon me, when the witness says submitted to the government -- A. Our auditors submitted to the government a full statement of the facts, and they were open on the books just as they were. Unfortunately he is not here to tell us. It was exactly as they were and they were open to the auditor and through him open to the government.

Q. Just a minute, just for the purpose of the record does the word "government" mean the Income Tax Department? A. The Income Tax Department.

By Mr. McRuer: Q. You say that the facts of your true profits were disclosed to the Income Tax Department? A. Subject to the statement that was on the record.

Q. Subject to what statement? A. The statement that they were reserves."

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inventory reserve? A. I knew what the

estimate was, yes. It was only an estimate.

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for inventory reserve each year? A. I knew

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they were and they were open to the auditor

and he was not here to tell me.

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Income Tax Department? A. The Income

Tax Department.

By Mr. McRae: Q. You say that the facts

or your true profits were disclosed to the

Income Tax Department? A. Subject to the

statement that was on the record.

Q. Subject to what statement? A. The

statement that they were reserves."

Then at page 12079, line 12:

"Q. (by Mr. McRuer) No, I am going to ask you that. You are making statements as though this thing was all cleared up with the government, and I am going to get on what they are founded. I want to know if Mr. Brown has told you any such thing or if Mr. Brown has not told you, if the records show you that you have not paid it? A. There is no

information given to me to that effect. Mr. Brown is here, and he can no doubt answer that question for himself. The books were open to him and to the government, and if a proper settlement was not made doubtless the Department would know it because there was nothing hidden."

Then at page 12080, line 14:

"Q. (by Mr. McRuer) In the year 1934 -- no, it is 1935 I want to get -- was it not a fact that during each of these years since 1916 you sent to the government a copy of your printed balance sheet? A. They always got a copy of the printed balance sheet, ever since they began to be printed, yes, and also, as I understand it, the auditor and the representative of the Income Tax Department met and went over the account. Personally I did not meet the government officials, but the auditor did, and reported to me that everything was satisfactory."

Then at page 18079, line 13:

"Q. (by Mr. McRuer) No, I am going to

ask you that. You are making statements as
though this thing was all cleared up with the
government, and I am going to get on what they
are founded. I want to know if Mr. Brown has
told you any such thing or if Mr. Brown has
not told you, if the records show you that you
have not paid it? A. There is no

information given to me to that effect. Mr.
Brown is here, and he can doubt answer
any question in that. The records are
open to him and to the government, and if a
proper settlement was not made at least the
Department would know it because there was
nothing hidden."

Then at page 18080, line 14:

"Q. (by Mr. McRuer) In the year 1934 --

no, it is 1935 I want to get -- was it not a
fact that during each of these years since
1934 you sent to the government a copy of
your printed balance sheet? A. They always
got a copy of the printed balance sheet, ever
since they began to be printed, yes, and also,
as I understand it, the auditor and the
representative of the Income Tax Department
met and went over the account. Personally I
did not see the government officials, but
the auditor did, and reported to me that
everything was satisfactory."

Again, at page 12085, line 21:

"Q.(by Mr. McRuer) All right. We perfectly know it was not. Now let me deal with what was disclosed to the government. This income tax return, Form T2 1934 was signed by you, was it not? A. That is right.

Q. And the certificate that you signed, let me read it to you:

(It is hereby certified on behalf of the above named Company that this return and the statements and schedules attached contain a full and complete disclosure of the total income of the said Company from all sources, that the information given herein is true in every respect, that the expenditures claimed were actually incurred on behalf of the Company, and that the trading, operating and profit and loss accounts and statements of assets and liabilities and other statements submitted or furnished herewith truly reflect the affairs of the said Company."

Q. That is what you solemnly signed? A. Yes.

Q. Let me read to you Question No.15:

(a) cost price?

15. Were inventories taken at

(b) market value?

and your answer to question in (a) was 'at cost or list.'

The question proceeds: If not, on what basis?

again, at page 18088, line 21:

"(By Mr. McKinnon) All right. We

correctly know it was not. Now let me deal

with what was disclosed to the government.

This income tax return, Form T2 1984 was

signed by you, was it not? A. That is

right.

Q. And the certificate that you signed,

let me read it to you:

"It is hereby certified on behalf of

the above named Company that this return

and the statements and schedules attached

contain a full and complete disclosure of

the total income of the said Company from

all sources, that the information given

herein is true in every respect, that no

exemption or deduction was unlawfully claimed

on behalf of the Company, and that the

return, statements and schedules are

correct and statements of assets and liabilities

are true and correct.

Taken from the return submitted to

the tax authorities herewith truly reflect the financial

of the said Company."

Q. That is what you solemnly signed? A. Yes.

Q. Let me read to you Question 10.15:

(a) cash sales

(b) interest

and your answer to question in (a) was 'at

least a list."

The question was: "If not, on what basis

and your answer to that is: Less usual discounts.

Then Question No.16 reads: Are there any reserves against inventories? and your answer to that is 'No'.

Now then, how can you say, Mr. Dawson, that that statement fully and truly reflects the affairs of the Company in the light of the fact that you had inventory reserves of \$2,100,000, and that you had transferred from profit and loss account to the inventory reserve \$396,000 that year? If the inventory reserve had been taken on the basis you say it had been taken in that statement -- A. The statement is quite clear. It was the same process that had been continued for twenty years. It says distinctly that these figures were taken at cost or list less usual discounts, and the usual discounts were shown there from year to year and were exposed to the government every time."

Q. Now, Mr. Elliott, Exhibit 796 shows that on the method of taking inventory, for the year 1916 there was a reserve credit of \$379,139.83 in that year.

MR. BRUNEAU: Does the Exhibit show that? You are making a statement.

MR. McRUIR: That is the figure on Exhibit 796, and Mr. Brown had given evidence that he calculated that, trying the best he could to calculate what

and your answer to that is: less used than

Then Question No. 16 reads: Are there any

and your answer

to that is 'No'.

Now then, how can you say, Mr. Lawson,

and the statement will be

the affairs of the company in the light of the

fact that you had in early reserves of

\$2,100,000, and that you had transferred from

profit and loss account to the inventory reserve

\$250,000 last year? Is the inventory reserve

had been taken on the basis you say it had been

taken in that statement -- A. The statement

is quite clear. It was the same process that

had been continued for twenty years. It was

distinctly that these figures were taken at

and in that case what statement, Mr. B.

used & accounts were shown there from year to

year and were exposed to the government every

time."

Q. Now, Mr. Elliott, Exhibit 733 shows that on

the method of taking inventory, for the year 1918

there was a reserve credit of \$250,122.88 in that

year.

Q. Now, Mr. B.: Does the Exhibit show that? You

and the statement?

Q. Now, Mr. B.: That is the figure on Exhibit 733

and the statement has given evidence that he calculated

and, trying to show that the statement was

was the proper and accurate figure.

MR. BRUNEAU: I object to it being spoken of as a reserve because it is purely a valuation and is at a conservative figure.

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MR. McRUER: We probably will have to have Mr. Brown's evidence as to the method which was pursued

MR. BRUNEAU: It speaks for itself, and I do not want an interpretation placed upon it.

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THE COMMISSIONER: Where is the Exhibit you refer to?

MR. McRUER: I have it here, my lord.

THE COMMISSIONER: What does it say?

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MR. McRUER: It is headed "Inventory Reserve," and it was put in during the examination of Dr. Dawson and of Mr. Brown, and the figure for 1916, \$379,139.83, my recollection is that that was put in by Mr. Brown in his own handwriting.

MR. BRUNEAU: It speaks for itself.

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BY MR. McRUER: Q. Now, Mr. Elliott, will you tell me please what sort of return was required to be made by law in respect to the Business Profits War Tax Act of 1916?

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MR. BRUNEAU: Just a moment. My lord, I wish to register a formal objection to this evidence being taken. In the first place I wish to submit that it is irrelevant because it is not within the purpose of the Commission, the Commission having been appointed to report to the government on the position of this and other branches of the textile industry.

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was the reason and adequate time.

Mr. [Name]: I object to his testimony.

and a relative because it is a matter of fact.

of a [Name] [Name] [Name].

Mr. [Name]: I object to his testimony.

My own evidence as to the fact which was [Name]

Mr. [Name]: It means for itself, and I do

not want an interpretation of what I say.

Mr. [Name]: There is no [Name] [Name]

later for

Mr. [Name]: I have it now, my [Name]

Mr. [Name]: I have it now, my [Name]

Mr. [Name]: It is a matter of fact, [Name]

and it was not in [Name] the [Name] of [Name]

My own and of [Name] [Name], and the [Name] for [Name]

Mr. [Name]: My recollection is that [Name] [Name]

of [Name] [Name] in his own [Name]

Mr. [Name]: It speaks for itself.

Mr. [Name]: I have it now, my [Name]

Mr. [Name]: I have it now, my [Name]

be sure by law is [Name] to the [Name] [Name]

Mr. [Name]: I have it now, my [Name]

Mr. [Name]: Just a moment. My [Name], I wish

to register a formal objection to this evidence being

admitted. In the first place I wish to submit that it

is irrelevant because it is not within the scope

of the [Name] [Name] [Name] [Name] [Name] [Name]

in [Name] [Name] [Name] [Name] [Name] [Name]

Mr. [Name]: I have it now, my [Name]

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"in relation to British and foreign competition and in particular the extent to which the employer can reasonably and properly be expected to maintain employment over periods of temporary difficulty.

The Minister recommends that for the purpose of making the said inquiry and examination, including the causes of the existing or any other such sudden cessation of industrial operations as may be referred to him, the Honourable W.F.A. Turgeon, of the Court of Appeal of Saskatchewan,"

and so on.

THE COMMISSIONER: You have not read the whole scope of the Commission. Before starting an argument you had better give me the whole scope of the inquiry. I have to inquire into the profits among other things.

MR. BRUNEAU: After a reference to the cessation of operations the order in council goes on to say:

"The Minister further observes that in order to determine the responsibility of employers and to enable appropriate action to be taken, not only with regard to safeguarding the interests of employees and of the public, but also the industry itself, it is essential for the government to be fully advised with respect to all matters surrounding the operations and conduct of the industries

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immediately concerned and inter-related and allied industries."

That is, in order to determine the responsibility of employers and to enable appropriate action to be taken:

"That in this connection it is essential that full and complete information be available to the government covering a period of years --" I do not know whether that goes back to 1916 or further back, but it seems necessary for the purpose of assisting the government in this particular inquiry:

"That in this connection it is essential that full and complete information be available to the government covering a period of years with respect to costs, profits, wages, salaries and bonuses, tariff protection, investment, volume of production and all other matters and things which together with information already available to the government --"

And here is the purpose of it:

-- will enable sound conclusions to be reached regarding the position of this and other branches of the textile industry in relation to British and foreign competition."

It is for a purpose in view. It is not merely to range over the entire field of the industry without application to any particular purpose, and it is so stated in the paragraph which I first read. I

placed in it.

That is, in order to determine the responsibility
of employers and to enable appropriate action to
be taken:

"What in this connection it is essential

that full and complete information be available
to the government covering a period of years --
I do not know whether that goes back to 1913 or
further back, but it seems necessary for the purpose
of assisting the government in this particular

matter:

"That in this connection it is essential

that full and complete information be available
to the government covering a period of years
respect to costs, profits, wages, salaries
and bonuses, tariff protection, investment,
volume of production and all other matters and
things which together with information already
available to the government --"

And here is the purpose of it:

"-- will enable sound conclusions to be reached
regarding the position of this and other
branches of the textile industry in relation
to British and foreign competition."

It is for a purpose in view. It is not merely to
range over the entire field of the industry without
regarding to any particular purpose, and it is
what is the paragraph which I first read. I

would submit, my lord, that the extent of the profits which a company makes is a relevant fact - there is no question about that - and full disclosure has been made by all these companies of the extent of their profits.

THE COMMISSIONER: Never mind all the companies, stick to this one.

MR. BRUNEAU: By this company, of the extent of its profits. It has answered all questions submitted, and the extent of its profits is known and ascertained.

As to whether there is any particular claim against the company by the Income Tax Department, I submit that that is entirely irrelevant to the purpose of the Commission. It is true that when Mr. Dawson was in the box he stated his personal willingness to waive any objections that might be made to his examination. He did not wish to take the position before the public that he had anything to conceal, and he acted quite properly in doing so. But it is quite another matter to bring before the Commission officials of the Income Tax Department, and to examine them on a claim which is at present under discussion before that department, and as to which I propose to file a notice in the course of the thirty days' delay which is allowed us, so that the matter can be referred to the department in the first place for adjudication, subject to our right of appeal.

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would admit, my lord, that the extent of the
profits which a company makes is a relevant fact -
there is no question about that - and that the
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anything to conceal, and he acted quite properly
in doing so. But it is quite another matter to
bring before the Commission officials of the Income
Tax Department, and to examine them on a claim
which is at present under discussion before that
department, and as to which I propose to file a
statement in the course of the examination which
is allowed me, so that the matter can be
brought to the department in the first place for
consideration, subject to our right of appeal.

I submit that not only is the matter irrelevant but that it is improper to submit for examination by this court the department which is to try this claim in the first place, and to obtain from it opinions which will prejudice the case in the most literal sense, inasmuch as judgment is given in advance, as it were; the opinions are obtained now before the record is complete. It is a procedure that on its face is so improper that I am bound to object to it and to ask in fairness to the companies concerned, the facts having been all disclosed to the public, the department be left to take such action -- and it is a department of the government that is taking action -- as it deems proper, and that the trial of this issue be left to the proper forum. That is my objection.

THE COMMISSIONER: Have you anything to say, Mr. McRuer?

MR. McRUER: All I have to say is this, my lord. One of the objects of this Commission is to find out how these companies have got along with the tariff protection they had. They have made certain reports and they have submitted to the public from year to year certain statements, including statements about how onerous the taxation has been on the companies in this Dominion of Canada. If we find that the companies have received the benefit of tariff protection, and have not fully and honestly disclosed to the government that gives them that tariff protection, their profits from time to time,

I submit that not only is the matter involved
but that it is important to submit for consideration
that by this court the department which is to have
this case in the first place, and to obtain from
it solutions which will produce the result in the
most fitting case, inasmuch as justice is a thing
in itself, as it were; and justice is a thing
now before the court is complete. It is a thing
which is on the issue of justice or that it is
bound to object to it and to see in justice to it
something is concerned, the facts which are all
closed to the public, the treatment be left to
the court alone -- and it is a question of the
government that is concerned with -- as it were
proper, and that the chief of this court be left
to the proper form. That is my objection.
The court should have you any other to say.
Mr. Justice?
Mr. Justice: Will I have to say in this, my
form. One of the objects of this Commission is to
find out how these cases have got along with
the right protection they have. They have not yet
been reports and they have submitted to the public
from year to year certain statements, including
statements about how often the Commission has been
on the Commission in this Dominion of Canada. It was
that the Commission have received the benefit
of the Commission, and that they have given them the
benefit of protection, their power from time to time.

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and if they have not been taxed as they ought to have been taxed, surely that is very relevant and goes to the root of the question.

MR. BRUNEAU: In what way?

MR. McRUER: If my friend's application were complied with, it would leave this record in this way before the public.

MR. BRUNEAU: The Commissioner, I would suggest not the public.

MR. McRUER: Before the Commissioner, but my friend loses sight of the fact that the general public of Canada have spoken in the laws of Canada. He seems to adopt the attitude that laws are passed for the benefit of certain individuals. That is not true.

MR. BRUNEAU: I do not adopt that attitude. I am being unfairly quoted, and I do not wish to have any such reference made.

MR. McRUER: Then my friend asks that this record be left in this way, that Mr. Dawson, the president of this company, has sworn that the proper disclosure of all the company's affairs was made to the proper taxing authority.

THE COMMISSIONER: And the company's profits.

MR. McRUER: And the company's profits. He has made that statement most specifically to this Commission, and the only way I can contradict that is by calling the proper authorities to say whether or not that has been done.

MR. BRUNEAU: The statement on which it was

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and if they have not been taxed as they ought to
have been taxed, surely that is very relevant and
goes to the root of the question.

MR. BRADIE: Is that right?

MR. ROY: If my friend's application were
complied with, it would leave this record in this
way before the public.

MR. BRADIE: The Commissioner, I would not
not the public.

MR. ROY: Before the Commissioner, but my
friend loses sight of the fact that the general
public of Canada have known in the case of Canada
He seems to adopt the attitude that I have
passed for the benefit of certain individuals.
That is not true.

MR. BRADIE: I do not adopt that attitude,
I am being unfairly quoted, and I do not wish to
have any such reference made.

MR. ROY: Then my friend says that this
is not in the way, that Mr. Bradie,
president of this company, has sworn that the
proper discharge of all the company's affairs was
made to the proper taxing authority.

MR. BRADIE: And the company's profits
He insists that statement must specifically to
the Commissioner, and the only way I can contradict
that is by saying that the statement is not
true, as it has been done.

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based was made by Mr. Dawson, and extracts from income tax sheets were read to this Commission. The fullest possible examination was made, and all the information possible has been obtained.

5 THE COMMISSIONER: I think you are confusing two things, Mr. Bruneau. Mr. Dawson, as president of the company, gave certain evidence to which nobody on his behalf took exception. Then was the time, if any, to take exception. He was questioned
10 and he answered, and he gave the evidence which you have just heard read, which certainly indicates that the company, and he spoke as its president, made full disclosure of its true profits and paid taxes on its true profits, which would mean that
15 the profits shown from year to year were the true profits. Now I want to know whether they were the true profits.

MR. BRUNEAU: I submit, my lord, that you
20 have all the necessary material.

THE COMMISSIONER: I am bound to state upon Mr. Dawson's own evidence that the question is now before me of the profits of this company, and in so far as the present witness is concerned, like anybody else, he is a competent and proper witness
25 until he is asked some question which he should not answer. But you object in toto to Mr. Elliott giving evidence.

MR. BRUNEAU: I object so far because my
30 friend's very first question is leading right to the subject.

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passed was made by Mr. Dawson, and extracts from income tax sheets were read to this Commission. The fullest possible examination was made, and all the information possible has been obtained.

THE COMMISSIONER: I think you are continuing two things, Mr. Dawson, as president of the company, gave certain evidence to which nobody on his behalf took exception. Then was the time, if any, to take exception. He was questioning and he answered, and he gave the evidence which you have just heard, which certainly indicated that the company, and he spoke as its president, made full disclosure of its true profits and paid taxes on its true profits, which would mean that the profits shown from year to year were the true profits. Now I want to know whether they were the true profits.

MR. DAWSON: I submit, my lord, that you have all the necessary material. THE COMMISSIONER: I am bound to state upon Mr. Dawson's own evidence that the question is now before me of the profits of this company, and in no far as the present witness is concerned, like anybody else, he is a competent and proper witness until he is asked some question which he should not answer. But you object in toto to Mr. Elliott's evidence. I object so far because my friend's first question is leading right to

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THE COMMISSIONER: What is the question?

MR. McRUER: I asked Mr. Elliott what certificate or statement the company was required to make under the Business Profits War Tax Act, 1916.

THE COMMISSIONER: We have before us now the certificates that were signed.

MR. McRUER: We have not exactly got all of them. There was some confusion about that, and I let them be taken away for Mr. Brown to work on them. But I wanted all the statements put before the Commission, and I presume Mr. Bruneau has them here this morning.

MR. BRUNEAU: My objection, my lord, is that the witness is being asked to express an opinion in the case in advance.

THE COMMISSIONER: I really think your objection is totally misconceived. This inquiry must have reference to tariff protection. That is true, but it also must in the future give some indication of how tariff protection is to be administered. You say the public is not concerned. Of course, the public is concerned. Who pays the results of customs exactions but the public. The consumer pays. You have already in the act certain restrictions on companies who, thriving under the protection of the customs tariff do certain things. You will find that in the Act today. It may be provided in the future that other provisions shall be put in the Act regarding the conduct of companies which take the benefits of the Act. Now unless I hear

THE COMMISSIONER: What is the question?

MR. BRYDIE: I asked Mr. Elliott what certi-

ficate or statement the company was required to

submit in the case of the company, 1914.

THE COMMISSIONER: We have before us now the

certificates that were signed.

MR. BRYDIE: We have not exactly got all of

them. There was some confusion about that, and I

let them be taken away for Mr. Brydies to work on

them. But I wanted all the statements put before

the Commission, and I presume Mr. Brydies has them

here this morning.

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in the case in advance.

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of how it is tariff protection is to be administered

You say the public is not concerned. Of course,

the public is concerned. Who pays the results of

customs exactions but the public. The consumer

pays. You have already in the act certain restric-

tions on companies who thrive under the protection

of the customs tariff do certain things. You will

find that in the Act today. It may be provided in

the future that other provisions shall be put in

the Act regarding the conduct of companies which

are prohibited of the Act. Now unless I hear

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these things how am I going to get a full knowledge of how the different companies are conducting themselves, companies which are being allowed to carry on business under the protection of the tariff.

5 MR. BRUNEAU: That still leaves my second objection to the hearing at this stage of evidence of the officers of the Income Tax Department, who are now to pass on our claim.

10 THE COMMISSIONER: You spoke a moment ago about having them express opinions. If Mr. McRuer asks Mr. Elliott to express any opinions, then you can take your objection, and I will decide whether the opinion to be expressed is one that should be expressed or not. Mr. McRuer has so far asked what
15 form --

MR. McRUER: What form was required under the act or what certificate in reference to the company's business, and my next question, what did
20 the company return ?

THE COMMISSIONER: The Act speaks for itself. You will find that section 17 of the Customs Tariff Act, subsection 2, provides that certain things may be done by the government in the case of companies
25 who enjoy protection committing certain breaches of the law. Now frankly it may be proper to extend the scope of that section. This is a thing which I think is most pertinent, and I cannot see how objection can be taken for a moment to the question whether
30 a company of this importance enjoying the protection

these things as I point to get a full knowledge
of how the different agencies are conducting their
business, agencies which are being asked to carry
on business under the protection of the tariff.
Mr. [Name]: That is all I have to say
objection to the hearing at this stage of the case
of the officers of the Income Tax Department, who
are now to be set on their claim.

THE CHAIRMAN: You are a member of
about having the excess of income. Is it, or not
some Mr. [Name] to examine any claims, then you
can have your objection, and I will decide whether
the action to be examined is one that shall be
examined or not. Mr. [Name] has to be called first

Mr. [Name]: That form was rejected under
the act in which certificate is referred to the
[Name] of the act, and the [Name] of the act
the [Name] of the act.

THE CHAIRMAN: The Act speaks for itself.
You will find in Section 17 of the Customs Tariff
Act, subsection 2, provide that certain things may
be done by the government in the case of corporations
and things mentioned a committee certain in respect of
the law. Now finally it may be proper to enter the
name of that section. This is a thing which I think
is not [Name], and I cannot see how objection
can be taken for a moment to the [Name] of the act

of the tariff is making a proper return of its profits each year to the government's taxing authorities.

5 MR. BRUNEAU: I have no objection to the facts showing all the profits.

THE COMMISSIONER: How can we get the facts. Mr. Dawson has told us time and again with great emphasis that everything was made known, "these statements are correct, they are true," and he argued most unnecessarily -- I could not stop him -- on the advisability of the company having reserves. As I tried to tell him, the company's having reserves is not what I am objecting to, but whether they make them known as part of their profits to those concerned, and those concerned are the government, the income tax officials and the people of the country.

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MR. BRUNEAU: The full extent of the profits has been disclosed. That is my submission.

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THE COMMISSIONER: Disclosed by whom?

MR. BRUNEAU: The full extent of the profits has been disclosed.

THE COMMISSIONER: Who disclosed them?

MR. BRUNEAU: All the figures have been given.

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THE COMMISSIONER: I can take the figures myself and say, despite your evidence, these are the profits, but that would only be calculations. So far as you are concerned, you have not disclosed them; you have withheld them.

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MR. BRUNEAU: The questionnaire that was issued

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of the tariff is making a proper return of its
profits each year to the government's taxing

MR. BRYCE: I have no objection to the

tests showing all the profits.

THE COMMISSIONER: Now can we get the tests.

Mr. Jackson has told us time and again with great
emphasis that every thing was as he known, "these
statements are correct, they are true," and he

argued most unnecessarily -- I could not stop him

as he was talking at the time and he was

as I tried to tell him, the company's having reasons

is not what I am objecting to, but whether they

make their known as part of their profits to those

concerned, and those concerned are the government,

the income tax officials and the people of the

country.

MR. BRYCE: The full extent of the profits

has been disclosed. That is my submission.

THE COMMISSIONER: Is disclosed by whom?

MR. BRYCE: The full extent of the profits

has been disclosed.

THE COMMISSIONER: Who disclosed them?

MR. BRYCE: All the figures have been given.

THE COMMISSIONER: I am sure the figures

myself and say, despite your evidence, these are

the profits, but that would only be a calculation.

as far as the figures are concerned, the full extent of the profits

has been disclosed.

MR. BRYCE: The government is not the only one

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showed the discounts taken and the amounts in each year.

MR. McRUER: No, we only got that by calling Mr. Brown to give evidence.

5 THE COMMISSIONER: You are misinformed there, Mr. Bruneau. We got it rather by striving. I have to overrule your general objection, but there may be questions put by Mr. McRuier that he should not ask, when you can object.

10 MR. BRUNEAU: I merely ask you to bear in mind their position before the Income Tax Department and the Exchequer Court.

15 THE COMMISSIONER: I have that fully in mind, and nothing that occurs here, so far as I can see, prejudices their position before the Income Tax Department or before the Exchequer Court or before any other proper tribunal. All right, Mr. McRuier.

20 BY MR. McRUER: Q. The Business Profits War Tax Act contains amongst others a provision that states that the Minister shall prescribe the form on which the returns of the Company shall be made? A. That statement was prepared and approved and issued to the public. It is known as Form J under the Business Profits War Tax Act, and this Form J that was filed by this company, 25 the first one in the year 1915 —

30 Q. Form J was printed as a schedule to the Act, was it not, Mr. Elliott? A. Not a schedule to the Act. It is printed as a form prescribed by the Act.

Q. Prescribed by the Act, quite right,
and it is this, my lord, for incorporated companies:
Name of company, address of head office, bonds
including debenture stock, capital stock paid up,
5 preferred and common, unimpaired reserve, rest or
accumulated profits, total paid up stock, reserve
rest and accumulated profits, gross profit, net
profits, accounting period, value of assets in
Canada, value of assets outside Canada. These are
10 all to be filled in. There is an asterisk after
the latter two, and a note reading as follows,
"This information only required from companies
having their head office or other place of business
outside of Canada." Companies having their place
15 of business in Canada has the same note below it.

Now, Mr. Elliott, in respect to the business
year 1916, was there any statement showing the
affairs of this company sent to the department?

A. There was a statement on Form J, the prescribed
20 form, that was filed on July 26, 1916.

Q. And did that show the net profits of the
company? A. The net profit was stated on
the form to be in the sum of \$496,848.

Q. Did any other statement accompany the form?
25 A. Yes, the annual financial printed statement of
the company for the same period.

Q. Yes, and does the figure as stated in
Form J tie up with the figure as shown in the annual
30 statement? A. Well, the figure shown in
the printed public statement is \$277,158.73, which

Q. Prescribed by the Act, quite right.

and it is this, my lord, for incorporated companies

name of company, address of head office, books

including share certificate stock, capital stock paid up,

preferred and common, unimpaired reserve, rest of

accumulated profits, total paid up stock, reserve

rest and accumulated profits, gross profit, net

profits, accounting period, value of assets in

Canada, value of assets outside Canada. These are

all to be filled in. There is an entry after

the latter two, and a note reading as follows,

"This information only required from companies

having their head office or other place of business

outside of Canada." Companies having their place

of business in Canada has the same note below it.

Now, Mr. Millett, in respect to the business

year 1916, was there any statement showing the

affairs of this company sent to the department?

A. There was a statement on Form 1, as prescribed

law, that was filed on July 26, 1916.

Q. And did that show the net profits of the

the firm to be in the sum of \$436,848.

A. Did any other statement accompany the form

A. Yes, the annual financial printed statement of

the company for the same period.

Q. Yes, and does the figure as stated in

Form 1, in the net profits as shown in the same

statement?

is to be increased by the dividends paid in that year on the preferred stock, by \$219,690, the sum of the two amounting to the figure I just gave.

Q. That is the figure as shown on Form J ?

5 A. Correct.

Q. Was there any disclosure in the statements that were put out to the government of any inventory reserve having been set up that year? A. No.

10 Q. Then in the year 1917, what was the character of the return to the government that year?

15 A. Well, Form J, the usual return, was made by the company for the period ending March 31, 1917. It declared the profits, that is on the basis of Form J, to be in the sum of \$546,558, which was in conformity with the published printed statement. The printed published statement showed the profits to be \$218,248.51, which had to be increased by certain items such as dividends paid and Business Profits War Tax of the previous period, and these, summed up, correspond and confirm the profit statement in the printed Form J.

20 Q. Was there any disclosure on the records submitted to the department by the company of any appropriation for inventory reserve in the year 1917 ?

25 MR. BRUNEAU: Do you mean in this return only?

MR. McRUER: No, I am meaning in respect of any of the records that have been submitted.

THE COMMISSIONER: For that year ?

MR. McRUER: Yes.

30 MR. BRUNEAU: What do you mean by records submitted in that year?

is to be increased by the dividends paid in that
year on the preferred stock, by \$219,690, the sum of
the two amounting to the figure I just gave.

Q. That is the figure as shown on Form 1?

Q. Was there any disclosure in the statements
that were put out to the government of any inventory

reserve having been set up that year?

A. No.

Q. Then in the year 1917, what was the

character of the return to the government that year?

A. Well, Form 1, the annual return, was made by the

company for the period ending March 31, 1917. It

declared the profits, that is on the basis of Form 1

to be in the sum of \$46,386, which was in conformity

with the published printed statement. The printed

published statement showed the profits to be \$218,24

which had to be increased by certain items such as

dividends paid and Business Profits War Tax of the

previous period, and those, summed up, correspond

and confirm the profit statement in the printed Form

Q. Was there any disclosure on the records sub

mitted to the department by the company of any ap

portion for inventory reserve in the year 1917?

MR. BRUNEAU: Do you mean in this return only?

MR. McHUGH: No, I am meaning in respect of any

other records that have been submitted.

Q. What do you mean by records sub

mitted to the department?

MR. McHUGH: Yes.

Q. What do you mean by records sub

MR. McRUER: Anything.

MR. BRUNEAU: Do you mean correspondence?

MR. McRUER: Yes.

5 MR. BRUNEAU: I think the witness gathered
it was the statement submitted with the return.

MR. McRUER: No, I am asking for every thing,
make no mistake about that. I ask if there was
anything on the records to the government showing
there had been disclosure to the government of any
10 appropriation for an inventory reserve that year
or that an inventory reserve was carried.

THE COMMISSIONER: Have you answered the
question?

15 THE WITNESS: No, I have not answered as yet
because the question is now framed slightly dif-
ferent from the other one. I answered the first
one by stating no, and I answer the next by stating,
because of the broadening of the question, were
there any records attached upon the inventory
20 reserve -- I am changing the phrasing slightly --
the answer to that is, at the time of filing Form J
no indication was given us of the reserves, Mr.
McRuer, to which you allude.

25 BY MR. McRUER: Q. Yes? A. But in
a subsequent period there was a statement filed for
a small reserve having nothing to do with the
main reserve that is under discussion here.

30 Q. Yes, that is they filed a subsequent state-
ment claiming a reserve on the basis of the affairs
of the company as set out in the printed balance

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sheet? A. Quite so.

Q. Yes, so that that would be in addition to what I call the secret reserve? A. Exactly.

Q. And was their claim for an inventory reserve as against losses in respect of inventory as disclosed on the printed balance sheet allowed?

A. It was.

Q. To what extent? A. I am sorry, it is in 1917, and the answer should have been, it was not allowed. They claimed a reserve of \$82,120, and it was disallowed.

Q. So that the position is this, that for the year ending March 31, 1917, they claimed a reserve of \$82,000 as against an inventory that was set up in the printed balance sheet, and that was disallowed?

A. That is correct.

Q. And no disclosure was made that they had what I call a secret reserve of \$823,533.44?

A. That is also correct.

Q. Then we come to the year ending March 31, 1918, and in respect to that year we have an Exhibit on file, No. 995, which contains a certificate of inventory -- it is a copy of a certificate of inventory. Was such certificate filed with the department?

A. Such a certificate was filed.

Q. Yes, in respect to the affairs of the company for the year ending March 31, 1918.

A. That is correct.

Q. And was this a new form that was introduced apparently for the first time that year? A. It is

Q. Yes, so that that would be in addition to

Q. And was their claim for an inventory

reserve as against losses in respect of inventory

as disclosed on the printed balance sheet allowed?

A. It was.

Q. To what extent?

A. I am sorry, it is in 1917, and the answer should have been, it

was not allowed. They claimed a reserve of \$2,100,

and it was disallowed.

Q. So that the position is that, first for the

year ending March 31, 1917, they claimed a reserve

of \$23,000 as against an inventory that was set up

in the printed balance sheet, and that was disallowed

A. That is correct.

Q. And no disallowance was made that they had a

what I call a secret reserve of \$23,523.44?

A. That is also correct.

Q. Then we come to the year ending March 31,

1918, and in respect to that year we have an exhibit

on file, No. 935, which contains a certificate of

the Government as to the inventory of the Government

for 1918. Does each certificate filed with the Government

A. That is correct.

Q. Yes, in respect to the inventory of

the Government for 1918, which was filed with

A. That is correct.

Q. And the fact that the inventory of

the Government for 1918 was filed with

the same form in name, namely Form J, but experience dictated certain alterations from year to year, and it is a slightly altered form from that which was originally used. In substance it is the same.

5 Q. Yes, there had been no special certificate of inventory attached to the form for the previous years? A. That is correct.

Q. Then this certificate reads as follows:
In the first place there are blanks for setting out
10 the name of the company, the address, and the
accounting period from 31st March 1917, to 31st
March 1918, and then this statement, "This
information and the figures contained on this form
are correct, and correspond in every respect with
15 the figures appearing in the books of the company."
Then there was a certificate of inventory:

"I, Alexander Bruce, the Secretary-Treasurer
of Canadian Cottons Limited, do hereby certify
20 that I have made a careful investigation of
the prices on which the inventory of merchandise
and materials on hand was calculated for the
accounting period which ended the 31st March,
1918, and I make the following declaration,
25 knowing same to be true and correct."

And then the form requires this to be done:

"Here state fully the basis on which the inven-
tory was taken at the beginning and end of the
30 period.

If any allowance was made for shrinkage or
decline in values, the amount must be stated."

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the same form in name, namely Form 1, but expenses
dictated certain alterations from year to year,
and it is a slightly altered form that which
was originally used. In substance it is the same.
5. Yes, there had been no special certificates
of inventory attached to the form for the previous
years. A. That is correct.

6. When the certificate reads as follows:
In the first place there are listed for setting out
the name of the company, the address, and the
accounting period from 31st March 1917, to 31st
March 1918, and then this statement, "This
information and the figures contained on this form
are correct, and correspond in every respect with
the figures appearing in the books of the company."
Then there was a certificate of inventory:

"I, Alexander Bruce, the Secretary-Treasurer

of the company, do hereby certify

that I have made a careful investigation of

the books on which the inventory of assets and

and liabilities on hand was calculated for the

accounting period which ended the 31st March,

1918, and I find the following:

knowing same to be true and correct."

And then the form requires this to be done:

"Here state fully the books on which the inven-

try was based as the basis of the above

statement.

If any allowance was made for shrinkage or

loss in value, the amount must be stated."

And the blank space opposite that requirement is filled in as follows:

"Cloth and process stock taken at cost less 15 per cent, raw cotton and supplies at cost.

At end of period taken on same basis."

THE COMMISSIONER: Will you please repeat that about raw cotton?

MR. McRUER: "raw cotton and supplies at cost. At end of period taken on same basis."

BY MR. McRUER: Q. Now Mr. Elliott, can you tell me what was disclosed to the government in regard to the company's affairs that year?

A. Well, the certificate was the first disclosure, and in the light of that certificate discussions were apparently had, and inasmuch as the certificate stated that cloth and process stock was taken at cost less 15 per cent, it was indicative to the department that the printed public financial statements had the inventory in at that discount. In other words --

MR. BRUNEAU: I wish to object. Is this of Mr. Elliott's personal knowledge?

THE WITNESS: No, all this knowledge is taken from the records from which I am giving --

MR. BRUNEAU: We are now being given disclosures of conversation.

THE COMMISSIONER: He is only giving his own evidence by referring to records and correspondence.

THE WITNESS: If I might help in the matter, I might say that on the face of the certificate is a

...in as follows:

"Cloth and process stock taken at cost less

15 per cent, raw cotton and supplies at cost.

At end of period taken on same basis."

THE COMMISSIONER: Will you please repeat that

about raw cotton?

MR. BRYAN: "Raw cotton and supplies at cost.

At end of period taken on same basis."

BY MR. MONROE: Now Mr. Elliott, can you

tell me what was disclosed to the government in re-

gard to the company's affairs that year?

A. Well, the certificate was the first disclosure,

and in the light of that certificate disclosures were

subsequently had, but I cannot say the certificate

stated that cloth and process stock was taken at

cost less 15 per cent, it was indicative in the disc-

ment that the printed public financial statements

had the inventory in it that disclosed. In other

words --

MR. MONROE: I wish to object. Is this of

Mr. Elliott's personal knowledge?

THE WITNESS: No, all this knowledge is taken

from the records from which I am giving --

of conversation.

THE COMMISSIONER: He is only giving his own

evidence by referring to records and correspondence.

THE WITNESS: I am only giving what I saw.

I might say that on the face of the certificate is

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Elliott

15 per cent depreciation claim in respect of inven-
tory, and in the printed published financial state-
ment is the inventory set forth. Putting the two
together anyone can draw a conclusion as well as
myself, but I suggest that force of mathematics, if
nothing else, compels you to conclude that if 15 per
cent was certified as having been taken, 85 per cent
must have appeared in the balance sheet. In any
event, in the year 1918, on that document the
company claimed a reserve of \$46,191.

(Page 13170 follows)

1918

1918

15 per cent deduction claim in respect of inven-
tory, and in the printed published financial state-
ment in the financial statement. I am not
satisfied with the figures shown in the
statement, but I suggest that those of satisfaction, if
nothing else, should be to conclude that it is per
cent deduction as stated in the statement, as per
cent deduction in the balance sheet. In my
event, in the year 1918, on that document the
company claimed a reserve of \$46,191.

(Page 191 NO follows)

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BY MR. McRUER: Q. That was a claim for reserve of that amount as shown -- on the inventory as shown in the printed balance sheet ? A. Quite so.

Q. And is there anything on the record to indicate that it was disclosed to the Government that that inventory was arrived at by this method ? I want to give you what it is, by taking goods in process at 28 per cent discount, finished goods at 45 per cent discount and the raw cotton at a price of 7.90 cents per pound ? A. There is nothing in our

records to indicate any such percentages or statements.

Q. Now, we come to the year 1919 and we have an exhibit in respect to that year which is Exhibit No. 996.

THE COMMISSIONER: Pardon me, you say 996 ?

MR. McRUER: 996, yes, my lord. It is the same form as used the year before but the certificate in regard to inventory is filled in as follows:

Cloth and process stock taken at cost less 15 per cent. At end of period taken on same basis. In consequence of reduced stocks the extra discount was reduced \$41,556. Raw cotton taken at cost and at the end of period at cost less reserve of \$230,000. Supplies at cost at beginning and end of period."

Can you tell me what was disclosed to the government in respect to the affairs of the company that was in addition to the certificate I have read ? A. Well,

what was disclosed was contained in form J for the period ending 31st of March, 1919, and apart from the

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Q. And is there anything on the record to indicate that it was disclosed to the Government that the inventory was arrived at by this method? I want to give you what it is, by taking goods in process at 58 per cent discount, finished goods at 45 per cent discount and the raw cotton at a value of 7.50 cents per pound?

A. There is nothing in our records to indicate any such percentages or statement. Now, we come to the year 1911 and we have an exhibit in respect to that year which is Exhibit No. 10.

Q. THE GOVERNMENT: Pardon me, you say 950?

A. 950, yes, my lord. It is the same form as used the year before but the certificate in regard to inventory is filled in as follows:

Cost and process stock taken at cost less 15 per cent. At end of period taken on same basis. In consequence of reduced stocks the entire discount was reduced \$41,536. Raw cotton taken at cost and at the end of period at cost less 15 per cent. Supplies at cost at beginning of period.

Q. Can you tell me if it was disclosed to the Government in respect to the affairs of the company that was submitted to the certificate I have read? A. Yes, that was disclosed in Form 1 for the year 1911, and about from

certificate which you have read there was not any other indication of importance other than to state that the profits in the return were said to be \$938,403.82, and the records further disclosed that representations were made for a reduction therefrom of the stated \$230,000. for reserve as contained in the certificate in form J. The records further disclose that that was not allowed but there was allowed \$67,250.

Q. Now, this application for a reduction in the profits of \$230,000. was for a reserve against the inventory as disclosed in the printed balance sheet?

A. That is correct.

Q. And was it disclosed to the government as far as their records show that the company had then set up on their books a reserve against inventory of

\$1,301,061.14? A. If I may correct the question, "then set up on their books", because it was not set up on their books.

Q. Well, a reserve appropriated for that purpose?

A. The answer is "no".

Q. Now, Mr. Brown has given evidence at page 12108 that in 1919 the company took the raw cotton into the inventory for the purpose of its printed balance sheet at 8.55 cents. Mr. Brown calculates that the average market figure that he figures it should have been taken in at was 30.50 cents per pound that year. Was it disclosed to the government in anything that you can find that the inventory as set up in the printed balance sheet was founded on a figure for raw cotton of 8.55 cents per pound when the market figure was 30.50

...the records further disclosed that representations were made to a ...
...for reserve as contained in the certificate in Form 2. The records further disclosed that there was not allowed ...

Now, this application for a reduction in the inventory as disclosed in the printed balance sheet? A. That is correct.

...and was it disclosed to the Government as far as their records show that the company had then set up on their books a reserve against inventory? A. If I may correct the \$1,301,000.14? ... "then set up on their books", because it ...

W. Well, a reserve appropriated for that purpose? A. The answer is "no".

W. Now, ... the inventory for the purpose of its printed balance sheet at 8.55 cents. Mr. Brown calculates that the average market price that he ... it should have ... in anything that ... the inventory as set up in the ...

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cents a pound ? A. The inventory as set up in the balance sheet was not discussed in the sense you have stated the question but in the year 1920, and mark you you have moved from 1919 to 1920.

5 Q. Yes ? A. In that year the inventory discussion became one of major discussion with the Income Tax Division because in 1920 the two Acts, namely the Business profits War Tax Act and the Income War Tax Act were both in force. They both had to be con-
10 sidered. It was an obligation of the taxpayers to pay under that Act which yielded the greater revenue. That is perhaps too tersely stated. I should enlarge on it this way, that all taxpayers were liable under both Acts, and you should send them a bill under both Acts,
15 but inasmuch as that was administratively doing what was not required because the lesser tax was allowed as a credit against the greater tax, therefore the practice was shortened and we sent, in fact, only the bill that was the larger of the two. Therefore, when in-
20 ventories were discussed in 1920 it was in the light of a market for cotton which fell, as I observe from the record on file, down to 16.65 cents at the first of December, 1920, from a peak of about 43 cents in
25 July of 1920. That is stated for this reason, that the rulings of the Department, in fact, at that time were that if inventory declined within 12 months from the close of a fiscal period an adjustment of the profits of the period just closed was permitted. It was in
30 the light of this established decline that the company made a claim over and above the figures that were

4. The following is a list of the names of the persons who have been named in the above-mentioned affidavits as having been in the possession of the same at the time of the same being seized:

PROCESSIONS OF THE CITY OF NEW YORK

in the printed published financial statements, of some \$823,901.20. This figure was reduced down to \$604,192.80, and that was allowed as a reduction of profits by way of inventory decline for the same period.

5 Q. Now, I just want to get that clear, Mr. Elliott.

Did the company submit to the Department a printed balance sheet as of the 31st of March, 1919?

10 A. The 1919 return with financial statements of the company was submitted under covering letter of the 30th of June, 1920. That included the appropriate form J and the financial printed statements.

15 Q. This financial statement shows under assets of the company "Inventory of cloth \$359,568.88; Process and Yarns \$221,768.89; Raw Cotton \$473,021.51; Supplies \$227,048.61.; Insurance unearned \$66,670. or a total of \$1,348,077.89." Now, in order to base the claim for a reduction in profits due to decline in inventory did the company -- the claim amounted to 20 eight hundred and some odd thousand dollars and was allowed at about \$604,000., was it based on this figure as being the value of the inventory? A. It was not.

Q. What was it based on? A. The figure of the succeeding year, 31st of March, 1920.

25 Q. 31st of March, 1920; that is the figure in the balance sheet of the succeeding year? A. Correct.

Q. Which amounts to \$2,127,412.12, from which would have to be taken away the unearned insurance?

30 A. Right; I haven't the figures before me but I presume that is correct. Yes, it is correct; I have them before me.

11/1/00

of \$100,000.00, and that was allowed as a reduction of

provided by way of inventory decline for the same period

of 1999. Now, I just want to get that clear, Mr. [Name],

did the company submit to the government a printed

balance sheet as of the 31st of March, 1999?

A. The 1999 return with financial statements of the

company was submitted under covering letter of the

31st of March, 1999. That included the appropriate

Form 7 and the financial printed statements.

A. This financial statement shows under assets

of the company, "Inventory of goods for sale,"

and "Inventory of goods for use,"

for the year 1999, \$1,148,077.00.

Now, in order to have

the claim for a reduction in profits due to decline in

inventory did the company -- the claim amounted to

eight hundred and some odd thousand dollars and was

allowed at about \$804,000.00, was it based on this figure

as being the value of the inventory? A. It was not.

A. The figure

what was it based on?

of the company's 1999, 1999, 1999, 1999.

of the company's 1999, 1999, 1999, 1999.

A. Correct.

Which amounts to \$2,137,412.12, from which

would have been the claimed insurance?

Right? I haven't the figures before me but I

presume that is correct. Yes, it is correct. I have

them before me.

5 A. All right; Now, when the company made this claim for an allowance for the profits of that year due to decline in inventory was any representation made to the Department as to the basis on which the inventory figures had been arrived at ?

MR. BRUNEAU: You mean written representation ?

10 MR. McRUER: Yes. A. The answer falls into two -- considering two facts -- no, the answer falls into two -- well, two facts. First, the fact of form J filed on the 29th of June, 1921 relating to the certificate in the following words: "Cost less depreciation deducted as per attached statements to bring amount to correct value current within twelve months of the date of inventory -- see final statement of profit and loss". Then, the income tax return for 15 the same period, the 31st of March, 1920, filed on the 27th of April, 1921, signed by Mr. Alexander Bruce, Secretary of the company, Secretary of the Canadian Cottons Limited, has the following entry which 20 reads as follows-- I read the printed part first. "Certificates of Inventories. I the..... of the company making this return do hereby certify that the Inventories"-- I now read from what was 25 printed in by the company itself -- " has the following value with the reductions shown on the accompanying sheet, was taken at prices generally current within one year of the original date of inventories and have been in no other way reduced." Now, those two cer- 30 tificates I think answer your question as to any representation.

Q. Then, on the basis of that, working on the value of the inventory as set out in the balance sheet the company was allowed a deduction from its profits for inventory reserve of \$604,000. ? A. That is correct.

Now, Mr. Brown has told us in his evidence at page 12108 with regard to the year 1920 the procedure in arriving at the figure in the balance sheet was as follows:

"Well, just in connection with that year I would like -- you have mentioned in connection with the year 1920 where the average closing was 40.14 and taken at 8, the effect of taking in the high shows that the company the year following took a loss of \$1,600,000.

"Q. Which is shown in your statement ?"--
Let us see -- Oh, I am afraid I had better read that over again. I read Mr. Brown's answer. The question was as follows:

"Q. All right, it comes to 1919. Your figure is 30 and 50 "-- that is 30 per cent discount for goods in process and 50 per cent for finished goods. "The company's figure is 8.55" -- no, I have read that wrong. "Your figure is 30.50" -- that was the average price of cotton -- "the company's figure is 8.55. 1920, your figure is 40.14, the company's figure is 8."-- That is, the average price of cotton was 40.14 and the company's figure they took it into the inventory at was 8 cents a pound.

"A. Well, just in connection with that year I would like -- you have mentioned in connection

1917

1917

... then, on the basis of that, working on the

value of the inventory as set out in the balance

sheet the company was allowed a deduction from its

profits for inventory reserve of \$334,000. 2. A. The

is correct.

... now, Mr. Brydier has told us in his evidence that

in arriving at the figure in the balance sheet he

... of, that in connection with that year

... and taken at, the effect of taking in the

high shows that the company is very following

took a loss of \$1,000,000.

... which is at the time

let us see -- Oh, I am afraid

was as follows:

... all right, it can

is 30 and 30 -- that is 30 per cent discount

for goods in process and 30 per cent for finished

goods, "the company's figure is 30, 30 -- that was

found that wrong. "Your figure is 30, 30 -- that was

the average price of cotton -- "the company's figure

is 8.35. 1920, your figure is 40.15, the com-

pany's figure is 6.7 -- that is, the average price

with the year 1920 where the average closing was 40.14 and taken at 8, the effect of taking in the high shows that the company the year following took a loss of \$1,600,000.

5 Q. Which is shown in your statement ?

A. Yes, sir, but does not show there. You are mentioning statements where the company had issued Balance sheets to shareholders concealing profits, but here is where they concealed losses they had
10 taken."

There is a letter filed in Exhibit No. 895 dated the 17th of December 1921 re Canadian Cottons Company's Income Tax Return to March 31st, 1920. This is addressed to the Commissioner of Taxation, Income Tax
15 Department.

"I beg to confirm figures submitted to the Department in sheet annexed to Return in the matter of reduction of Inventory as follows ,-

RAW COTTON.

20 5,823,000 lbs. carried from previous year at approximately 9¢ per pound and shown in Inventory at that figure, was reduced in value on account of slump to 6¢ per pound.

25 1,670,464 lbs. taken in Inventory at 40.14¢ per pound being the actual cost price, was reduced to market value by a depreciation of 30¢ per pound.

MANUFACTURED GOODS.

30 In the March 1920 Inventory manufactured cloth on hand was taken into stock at current values,

with the year 1930 where the average closing was
40.14 and taken at 8, the effect of taking in the
year 1930 was the same as the year 1931.
took a loss of \$1,500,000.

Q. Which is shown in your statement?
A. Yes, sir, but does not show there. You are
mentioning statements where the company had four
balance sheets to shareholders concerning profits
but here is where they concealed losses they had
taken."

There is a letter filed in Exhibit No. 285 dated the
17th of December 1931 to Canadian Cotton Company's
addressed to the Commissioner of Taxation, in which the
Department.

"I beg to confirm figures submitted to the
Department in sheet annexed to return in the re-
turn of reduction of inventory as follows:-

NEW COTTON.

5,328,000 lbs. earned from previous year and
approximately 94 per pound and shown in inven-
tory at that figure, was reduced in value of
account of slump to 64 per pound.
1,676,464 lbs. taken in inventory at 40.14
per pound and the same was taken, and
to market value by a depreciation of 50 per

amount shown \$477,050.00. The loss by decline in the market and drop in the Company's Price List brought the value down to \$328,978.00.

A loss of \$148,072."

5 That letter went to the Department ? A. I have a copy of it before me.

Q Now, this was part of the application for a reduction from profits due to loss on inventory, was it not ? A. That is correct, and perhaps I might just give you the figures that are reflected.

10 Q Yes, do, please ? A. In respect to raw cotton as the letter states they had a poundage of 5,823,000 and we allowed a reduction of 3 cents.

15 A. In response to this application ? A. That is correct; in money that amounted to \$174,690. Then, in respect to raw cotton again a poundage of 1,670,464, although the company claimed a reduction of 30 cents per pound we only allowed 20 cents a pound, and in money that amounts to \$334,092.80. Then, the third item, that was manufactured goods or cloth as it is called in the letter, 20 per cent of manufactured cotton value, \$477,050., which extended means in money for an allowance by way of taxes \$95,410., and 20 the sum of these three items amounts to \$604,192.80, which was the amount I told you the department allowed, in fact, as against their claim of \$823,901.20.

25 Q And is there anything on the records to show that at that time when the company made that claim for an allowance out of profits for the purpose of loss on inventory that they had set apart in the previous four 30

amount shown \$477,650.00. The loss by decline in the market and drop in the Company's stock that brought the value down to \$228,979.00. A loss of \$248,671.00.

Q: That letter went to the Department? A: I have a copy of it before me.

Q: Now, this was part of the application for a reduction from profits due to loss on inventory, is that correct, and perhaps I might just give you the figures that are reflected.

Q: Yes, is it, please? A: In response to the question as the latter states they had a percentage of 5,628,000 and we allowed a reduction of 3 cents.

Q: In response to this application? A: That is correct; in money that amounted to \$11,000.00, in respect to raw cotton again a percentage of 1,000,000 although the company claimed a reduction of 30 cents per pound we only allowed 20 cents a pound, and in money that amounts to \$234,022.80. Then, the third item, that was manufactured goods or cloth as it is called in the inventory, we had a percentage of 1,000,000 in cotton value, \$477,650., which extended means in money for an allowance by way of taxes \$95,410., and the sum of these three items amounts to \$364,182.80.

Q: Was the amount I told you the Department allowed, in fact, as against their claim of \$235,321.80. A: And is there anything on the record to show that at that time when the company made their claim that they were entitled to a reduction of 30 cents per pound of cotton, that was manufactured goods or cloth as it is called in the inventory, we had a percentage of 1,000,000 in cotton value, \$477,650., which extended means in money for an allowance by way of taxes \$95,410., and the sum of these three items amounts to \$364,182.80.

Q: And is there anything on the record to show that at that time when the company made their claim that they were entitled to a reduction of 30 cents per pound of cotton, that was manufactured goods or cloth as it is called in the inventory, we had a percentage of 1,000,000 in cotton value, \$477,650., which extended means in money for an allowance by way of taxes \$95,410., and the sum of these three items amounts to \$364,182.80.

years, or five years, \$2,312,767.50 as inventory reserve ? A. At that time there was nothing on record to so indicate.

Q. Now, just to go back to the letter of December 17th, 1921 again. In order to base a claim against the Government for an allowance for inventory losses on raw cotton they have said in this letter in respect to the 1,670,464 pounds that that was "taken in inventory at 40.14 cents per pound being the actual cost price, was reduced to market value by a depreciation of 30 cents per pound," and what they claimed was the loss between the 40.14 and the 30 cents, was it ?

A. That is what they claimed but we allowed 20 cents.

SECRETARY WHITELEY: It is a 30 cent reduction.

BY MR. McRUER: Q. They claimed there was a 30 cent reduction and you allowed a 20 cent reduction?

A. Right.

Q. Mr. Brown told us that in that year raw cotton was taken into inventory at 8 cents a pound and for the purpose of the balance sheet so that what actually happened was that the company, basing a claim for a reduction in profits on losses in respect to the 1,670,464 pounds, a loss of 30 cents a pound and you allowed 20 cents a pound, and apparently now it comes to light they actually had taken inventory at 8 cents a pound; that would be the net result ? A. Mr.

McRuer, I think I followed and understood fully what you said, but it is a matter of interpretation and correlation of the facts, and I do not wish to correlate or interpret. I will leave that to you if you don't

1915

years, or five years, \$2,312,707.50 as interest
on record to be indicated.

Now, just to go back to the letter of 19th, 1921 again. In order to have a claim against
government for an allowance for inventory losses
has been they have said in this letter in response
to the 1,870,434 pounds that that was "taken in in-
ventory at 40.14 cents per pound being the actual cost
price, was reduced to market value by a depreciation
of 30 cents per pound, and what was claimed was
loss between the 40.14 and the 30 cents, was it?

That is what they claimed but we allowed 30 cent
reduction. It is a 30 cent reduction.
They claimed there was a
30 cent reduction and you allowed a 30 cent reduction.

Mr. Brown told us that in that year new coffee
was taken into inventory at 3 cents a pound and for
the purpose of the inventory was taken at 3 cents a pound.

reduction in profits on losses in respect to the
1,870,434 pounds, a loss of 30 cents a pound and you
allowed 30 cents a pound, and apparently now it comes

to that and you have taken inventory at 3 cents
a pound; that would be the net result.
Now, I think I will leave the question of the
inventory of the coffee, and I will leave the question

of the inventory of the coffee, and I will leave the question

mind.

Q. All right, I think that is probably fair. Well, then, what was the last year that business profits was assessable ? A. 1920.

5 Q. So, from 1920 on to 1936 it becomes a question of Income Tax only ? A. That is correct.

10 Q. Now, in respect to inventory reserves or the manner in which the company's affairs were disclosed to the Government have we covered everything up to 1920 ? Is there any other certificates or statements made to the Government that would indicate that this company had, as of record, of course, had an inventory reserve ?

15 MR. BRUNEAU: You still refer to written statements ?

MR. McRUER: Anything as of record ? A. There are no records indicating a secret reserve.

20 Q. All right ? A. Using that term I should add, secret reserve, using it in the manner that we all generally understand, that is, as I have read Exhibit No. 796, it perhaps could be called discount or reserve, but we are indicating it by the title Reserve, my lord.

25 THE COMMISSIONER: Yes, I understand.

BY MR. McRUER: Q. Now then, commencing with the year 1921 when the company was assessable for Income Tax what sort of returns were required under the Income Tax Act ?

30 A. The return under the Income Tax Act for corporations is known as form T-2, and it has on it the year for which the return is being made --

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your question is answered by saying that the company filed the proper Income Tax Form, T-2, for 1921 on the prescribed form.

Q. And are there any statements in that in respect to inventories ? A. Yes.

Q. What statements appear ? A. On page 2 relating to inventories, and I presume your question is directed to that because there are many other statements that are irrelevant to what we are discussing.

Q. Yes ? A. On my own volition altogether, picking out what I think you are addressing your question to, it reads in the printed part: "Certificates of Inventories. I.... (the name is not filled in).... the(the rank of the official is not filled in)... of the company making this return do hereby certify that the inventories included in the above schedule were taken on" -- and then the company print in or type in "cost or market price". Then, the printed statement goes on "Basis. Do not contain any allowance for shrinkage or decline in value other than as follows", and the rest is blank. There is a place for the signature. The signature is not put in on the return but the face of it is signed by Alexander Bruce, Secretary of the Company under this certificate.

"I, Alexander Bruce, Secretary of the above-named company, hereby certify that the foregoing returns, the supplementary statements and the additional schedules attached, if any, contain a true and complete statement of gross income and deductions claimed by the above named company for the year 1921. Dated

April 28th, 1922, signed A. Bruce", in his own pen and ink handwriting.

5 Q. Then, is there anything further in the form to disclose that the Inventory is taken on any other basis than that set out in the earlier part where I think you said "at cost or market" ? A. The answer is no.

Q. All right; then, we come to the year 1922. Is there any certificate in regard to inventory there?
10 A. It is the same in the Income Tax Form T-2 for 1922 so far as the certificate of inventory is concerned as that which I just read for 1921, namely, "cost or market" is written in the certificate and it is this time signed by A. Bruce. Likewise the face of the
15 return is signed by A. Bruce.

Q. Then, 1922 ? A. 1923 I think you want.

Q. 1923, yes ? A. Exactly the same again, signed by Bruce in both places.

20 Q. In each of these cases, I understand, Mr. Elliott, the words "cost or market" are words inserted by the Department -- by the company itself ? A. I will
read the certificate of 1923. The printed form is
25 "Certificates of Inventories. I -- typed by the company -- "Alexander Bruce" -- printed on the form "the" -- typed by the company "Secretary" -- printed on the form "of the company making this return do hereby certify that the inventories included in the
30 above schedule were taken on" -- typewritten "cost or market" -- printed form "basis, and do not contain

the handwriting.

2. Then, is there anything further in the form

books than that set out in the earlier part where I

think you said that cost or market? I think the

market is not.

3. All right; then, we come to the year 1933.

Is there any certificate in regard to inventory there?

4. It is the same as the Income Tax Form T-8 for 1933

as far as the certificate of inventory is concerned

that which I just read for 1931, namely, "cost or

market" is written in the certificate and it is this

the signed by A. Bruce.

return is signed by A. Bruce.

5. Now, what year?

1933.

6. 1933, yes? A. Exactly the same

again, signed by Bruce in both places.

7. Is there any cost or market certificate for 1933?

The words "cost or market" are words inserted by the

Department -- by the company itself? A. I will

read the certificate of 1933. The printed form is

"Certificate of Inventory" -- signed by the

company -- "Alexander Bruce" -- printed on the form

the -- signed by the company -- signed by the

company -- signed by the company -- signed by the

company -- signed by the company -- signed by the

company -- signed by the company -- signed by the

company -- signed by the company -- signed by the

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Elliott

any allowance for shrinkage or decline in value other than as follows". There are lines for an explanation and no explanation is put in. There is printed "Signature", and opposite the word "signature" which is printed is written the pen and ink signature of Mr. A. Bruce.

Q. Of course, all these forms require a statement of the profits for the year ? A. Oh, absolutely, together with financial statements submitted.

Q. And with each one a copy of the printed financial statements is submitted ? A. Yes, and has been by the company regularly.

Q. 1924 ? A. The same thing, the same words "cost or market".

Q. Just the same ? A. Signed in exactly the same way, the inventory certificate is signed by Mr. Bruce in pen and ink and likewise the certificate on the face of the return.

Q. 1925 ? A. Well, what I have said for 1924 could be repeated for 1925.

Q. 1926 ? A. In 1926 the form T-2 was this time filed on behalf of the Company by R.G. Tolmie, Acting Secretary Treasurer, dated the 30th of April, 1927 in respect to the fiscal period ending the 31st of March, 1926, and the certificate of inventory in the inside is completed only as follows, namely, Mr. R. G. Tolmie has his name printed in, and his rank in the company is stated to be Acting Secretary Treasurer and nothing else, it is not signed.

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1938

... for ...
 ... as follows. There are ...
 ... explanation is ...
 ... and opposite the ...
 ... is ...

... of the ...
 ... with ...
 ... and with each one a copy of the ...
 ... is submitted ...
 ... by the company ...

... 1938 ?
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... 1938 ?
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... time filed on behalf of the company by ...
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Elliott

BY THE COMMISSIONER: Q. It is not signed ?

A. It is not signed, my lord.

BY MR. McRUER: Q. But there is no statement on it that would indicate that there was an inventory reserve of \$2,506,125. ? A. There is no such statement.

Q. And again a copy of the balance sheet accompanies ? A. That applies throughout all years.

Q. 1927 ? A. Yes, in 1927 income tax Form T-2 has the following certificate on the face of it, which is a change from the certificate that was on prior T-2 forms. I will read it. I will read it as it is filled in. "I, A. O. Dawson, President of the above named Company, hereby certify that the foregoing returns, supplementary statements and the additional schedules attached, if any, contain a true and complete statement of gross income and deductions claimed by the above named company for the year 1927.

"I also certify that the inventories included in schedule 2(a) on page 2 hereof were taken at" -- and then printed in is the word "cost", and the form goes on "basis, and do not contain any allowance for decline in value other than as follows" -- then the word is printed in "usual", dated April 20th, 1928, signed "A. O. Dawson" in pen and ink.

Q. Now, up until that is filed have you found any indication that there were these percentage deductions for an inventory reserve as in that year of \$2,138,544. ? A. Well, I do not like to

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12185

BY THE COMMISSIONER: It is not signed?

4. It is not signed, my lord.

BY THE COMMISSIONER: But there is no statement on

it that would indicate that there was an inventory

of \$2,500, 125? There is no word

and under a copy of the balance sheet

series? It is not signed through it all years.

1237? Yes, in 1937 I can see

form 1-2 has the following certificate on the face

of it, which is a change from the certificate that was

on pp. 1-2 form. I will read it. I will read it

as it is filed in. I. O. Dawson, President of

the above named company, hereby certify that the

following returns, supplementary statements and the

additional schedules attached, if any, contain a

true and complete statement of gross income and

deductions claimed by the above named company for

year 1937.

"I also certify that the inventories included

in schedule 2(a) on page 2 hereof were taken at --

and then printed in is the word "cost", and the word

goes on "basis", and do not contain any allowance for

decline in value other than as follows: -- that the

word is printed in "usual", dated April 20th, 1938,

signed "I. O. Dawson" in pen and ink.

Now, my lord, I will read the following

and I will read the following

and I will read the following

and I will read the following

accede to the presumption that this word "usual" is an indication of a secret reserve.

THE COMMISSIONER: I do not understand that at all. I understand you are dividing the periods.

5 MR. McRUER: Yes, quite right.

THE COMMISSIONER: Now then, you are not asking me to assume something has just been read which changes the situation.

10 MR. McRUER: No, I think it is quite otherwise. The indications from the forms that have been filed throughout the period when the Income Tax Act was in force, there is nothing on them at all to indicate any reserve ? A. That is correct.

15 MR. BRUNEAU: My lord, at this stage, I think we are getting matters of opinion.

20 THE COMMISSIONER: No. So far as the last statement, the last question that Mr. McRuier made in the form of a statement, was that up to this time there was nothing in the facts disclosed to indicate there was a reserve. Those are facts, that is not opinion. Now then, proceed from now on. You have just heard this document read.

25 BY MR. McRUER: Q. Now, is that all there is in there in respect to inventory ? A. Well, no, because inventory statements are in there.

Q. I mean relative to this subject matter ?

A. Within the meaning of your question, yes.

30 BY THE COMMISSIONER: Q. Mr. Elliott read out the word "usual" as being in a certain place. Is that the first time that word occurs ? A. This is the first time, my lord, that word has occurred in the

...the ...
...the ...

...I do not understand that ...
I understand you are dividing the periods.

MR. MORRIS: Yes, quite right.
THE COMMISSIONER: Now then, you are not saying

me to assume something has just been read which opens
the situation.

MR. MORRIS: No, I think it is quite otherwise.
The indications from the ... have been ...

throughout the period when the income tax was in
force, there is nothing on them at all to indicate a

...
...the ...

are getting matters of opinion.
THE COMMISSIONER: No. So far as the last ...

...the ...
...the ...

thing in the facts disclosed to indicate there was a
reserve. Those are facts, that is not opinion. Now

that, proceed from now on. You have just heard the
...the ...

...the ...
...the ...

...the ...
...I mean relative to this subject matter?

...the ...
...the ...

...the ...
...the ...

returns.

Q. All right.

BY MR. McRUER: Q. Can you tell us the usual basis as far as the Department is concerned for the valuation of inventory ? A. Cost or market, whichever is lower.

Q. And if a company claims any exceptions to that by any special cases then, as far as you are concerned, it must be brought clearly before you so that you may

MR. BRUNEAU: That is a matter of legal opinion.

BY MR. McRUER: Q. Has that been the practice ?

A. All returns received by the Government are presumed by the Government officials to be in conformity with the long established commercial practice of stating inventories at cost or market whichever is lower, and if any company should depart from that usual practice we would expect, and our questions are designed to that end, to have it brought particularly to our attention.

Q. Then, we proceed to 1928 ? A. What I have said in respect to 1927 can be repeated in respect to 1928 exactly.

Q. Are the words "usual" -- A. The word "Usual" .

Q. The word "usual" appears there in the same place ? A. Exactly.

Q. Now, in 1929 ? A. What I have said in respect to the two prior years can be repeated in respect to the year 1929.

Q. 1930 ? A. Everything I have said in

BY MR. MONTAGUE: Can you tell us the usual practice as the government is concerned for the valuation of inventory? Cost or market, whichever is lower.

.. and if a company claims any exceptions to the by any special cases then, as far as you are concerned it must be brought clearly before you so that you may

MR. BRIDIE: That is a matter of legal opinion. BY MR. MONTAGUE: Has that been the practice?

A. All returns received by the government are examined by the government officials to be in conformity with the long established commercial practice of stating inventories at cost or market whichever is lower, and if any company should depart from that usual practice we would expect, and our questions are designed to that end, to have it brought particularly to our attention.

.. Then, we proceed to 1928? A. That I have said in respect to 1927 can be repeated in respect to 1928 exactly.

.. Are the words "usual" -- A. The word "usual" appears there in the same place? A. Exactly.

.. Now, in 1929? A. What I have said in respect to the two prior years can be repeated in

that in the year 1929.

respect to the three prior years can be repeated in respect to 1930 except the absence of the word "usual" and the absence of the words "at cost".

BY THE COMMISSIONER: Q. How does it read, how does the certificate read for that year, 1930 ?

A. As follows: "I. A. O. Dawson, President of the above named company hereby certify that this return, supplementary statements and the additional schedules, attached, if any, contain a true and complete statement of gross income and deductions claimed by the above named company for the year 1930.

"I also certify the inventories included in Schedule 2(a) on page 2 hereof were taken on " -- the blank is not filled in " -- "basis, and do not contain any allowance for decline in value other than as follows". Nothing follows. It is signed "A. O. Dawson", signed in pen and ink.

Q. That would appear to be an incomplete certificate ? A. In the light of Exhibit 796, yes.

Q. I mean anyhow, on its face, without anything else ? A. It would be incomplete because the basis is not stated.

Q. It seems to me at least one blank there should be filled in to give it some meaning ? A. That is correct.

BY MR. McRUER: Q. Then, in 1931 ? A. It is the same as in 1927, 1928 and 1929. The word "cost" and "usual" is inserted.

Q. 1932 ? A. The word "cost" and "usual" is inserted just as I have stated for 1931.

respect to the three prior years can be repeated in
 respect to 1950 except the absence of the word
 "usual" and the absence of the words "at cost".

BY THE COMMISSIONER: Q. Now does it read
 how does the certificate read for that year, 1950?
 A. As follows: "I, A. G. Dawson, President of the
 above named company hereby certify that this return,
 supplementary statements and the additional schedules
 attached, if any, contain a true and complete state-
 ment of gross income and deductions claimed by the
 company for the year 1950."

Q. I also certify the inventories included in
 Schedule 2(a) on page 2 hereto were taken on " " -
 the blank is not filled in " " - "basic, and do not
 contain any allowance for decline in value other than
 as follows". Nothing follows. It is signed "A. G.
 Dawson", signed in pen and ink.

Q. That would appear to be an incomplete certi-
 ficate?
 A. In the light of Exhibit 788, yes.
 Q. I mean anyhow, on its face, without anything
 else? A. It would be incomplete because the blank
 is not stated.

Q. It seems to me at least the blank there after
 "basic" is not filled in and it is not stated.

BY MR. BRYDIE: Q. When, in 1951?
 the same as in 1947, 1948 and 1949. The word "cost"
 and "usual" is inserted.

Q. The word "cost" and "usual"
 is inserted just as I have stated for 1951.

Q. 1933 ?

A. In 1933 form T-2 for use of

corporations was again slightly changed. I perhaps
should read the certificate, because I am not just
sure of the extent of the change so even if I repeat
what I said before may I read it ?

Q. Yes ? A. It reads as follows:

"It is hereby certified on behalf of the above named
company that this return and the statements and sche-
dules attached contain a full and complete disclosure
of the total income of the said company from all
sources, that the information given herein is true in
every respect that the expenditures claimed were ac-
tually incurred on behalf of the company and that the
trading, operating and profit and loss accounts and
statements of assets and liabilities and other state-
ments submitted or furnished herewith truly reflect the
affairs of the said company." It is signed in pen and
ink by "A.O. Dawson," described in pen and ink as
the President. That was shown on the 22nd of June,
1933. Then, on page 2 of the return at question
numbered 15, the question reads as follows: "Were
inventories taken at (a) cost price (b) market value ?
If not, on what basis" ?

Q. That is printed in the form ? A. That is

printed. The way it was answered, reading the answer
with the printed material, is as follows: "Were
inventories taken at cost price ? A. At cost or
list".

BY THE COMMISSIONER: Q. Cost or what ? A. Or
list.

.. 1935 ?

A. In 1935 Form T-2 for use

corporations was again slightly changed. I perhaps

should read the certificate, because I am not just

sure of the extent of the change as even if I recall

what I said before may I read it ?

.. Yes ? A. It reads as follows:

"It is hereby certified on behalf of the above named

company that this return and the statements and other

data attached contain a full and complete disclosure

of the total income of the said company from all

sources, that the information given herein is true

every respect that the expenditures claimed were ac-

tually incurred on behalf of the company and that the

trading, operating and profit and loss accounts and

statements of assets and liabilities and other state-

ments submitted or furnished herewith truly reflect

affairs of the said company. It is signed in

ink by "A.O. Dawson," described in pen and ink as

the President. That was shown on the 22nd of June,

1935. Then, on page 2 of the return at question

numbered 15, the question reads as follows: "Were

inventories taken at (a) cost price (b) market value

If not, on what basis ?

.. That is correct in the return.

printed. The way it was answered, reading the answer

with the printed material, is as follows: "Were

inventories taken at cost price ? .. at cost or

Q. List ? A. List. "If not, on what basis ? A. Less usual discounts."

BY MR. McRUER: Q. That is all, is it ?

A. That is all. Now, on item numbered 28 in the T-2 return it was thought expedient by those who designed the return at that time to put in the following, which is substantially a quotation from the law, and in the return itself it refers to the provisions of the law namely, section 6 Chapter 97, R.S.C., 1927 provides -- This is not the exact quotation, this is only the substance of it. It states:

"In computing the amount of the profits to be assessed deductions shall not be allowed in respect of (a) disbursements or expenses not wholly, exclusively and necessarily laid out or expended for the purpose of earning the income; (b) any outlay, loss, replacement or repayment on account of capital; (c) amounts transferred or credited to a reserve, contingent account or sinking fund, except limited reserve for bad debts and depreciation.

"If any of the following items, or like items were charged as expenses in arriving at net income, item 27, they must be added to the said net income as indicated below. If no such charge has been made necessary the word 'nil'". Then, there are eight questions set out and we come to question No. 36 which reads as follows: "Reserves other than for depreciation of wasting assets and bad debts", the answer is "nil". That is all the reference

4. That, if not, on

6. That ?

What basis ? 4. Less usual discounts.

BY MR. BRYDIE: 6. That is all, is it ?

7. That is all. Now, on item numbered 28 in the T-2

return it was thought expedient by those who designed

the return at that time to put in the following, which

is substantially a quotation from the law, and in the

return itself it refers to the provisions of the law

namely, section 8 Chapter 27, R.S.C., 1987 provides -

This is not the exact quotation, it is only the

substance of it. It states:

"In computing the amount of the profits

to be assessed deductions shall not be allowed

in respect of (a) disbursements or expenses

wholly, exclusively and necessarily laid out

or expended for the purpose of earning dividends

(b) any outlay, loss, replacement or repayment

on account of capital; (c) amounts trans-

ferred or credited to a reserve, contingent

account or sinking fund, except limited reserve

for bad debts and depreciation.

"If any of the following items, or like

items were charged as expenses in arriving at

net income, item 27, they may be added to the

said net income as indicated below. If no such

charge has been made necessary the word 'nil'.

Then, there are eight questions set out and we come

to question 28 which reads as follows: "Deductions

from the profits of the corporation of wasting assets and

losses, the amount is 'nil'. That is all the return

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in the returns to anything pertaining to inventory.

Q. Then, 1934 ? A. The same thing I have said in respect to 1933, the same thing in 1934 and 1935.

5 Q. Then, in 1936 ? A. The same thing.

Q. Now, the statement of 1936 would also accompany -- or, the annual statements accompany each year?

10 A. Well, I have not got it in our files. I cannot answer that directly but I am reasonably certain that is in Montreal.

15 Q. I see; well now, Mr. Elliott, in the light of the evidence that has been given before this Commission in respect to the appropriations to this inventory reserve from the years 1920 to 1921 -- 1916 to 1920, have you calculated what taxes should be levied against the company in the light of the evidence that has been given ?

20 MR. BRUNEAU: I object to the form of the question. What taxes have been claimed, not levied ?

25 THE COMMISSIONER: That is right. You mean in addition to those paid ?

MR. McRUER: In addition to the taxes that have already been paid.

THE COMMISSIONER: From 1916 to 1920 ?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: Including both years ?

30 MR. McRUER: Yes, my lord. A. I think, my lord, you might just as well extend that question to 1915 because it starts in 1915.

IN OF THE COURT OF CHANCERY
IN THE MATTER OF THE ESTATE OF JAMES H. BRYDIE
DECEASED

A. The same thing I have said in respect to 1933, the same thing in 1934 and 1935.

A. Then, in 1936? --
A. Now, the statement of 1936 would also account for -- or, the annual statements accountancy each year -- well, I have not got it in our files. I cannot answer that directly but I am reasonably certain that it is in Montreal.

A. I see; well now, Mr. Elliott, in the light of the evidence that has been given before, was there in respect to the contributions to this inventory massive from the years 1930 to 1941 -- 1916 to 1930, have you calculated what taxes should be levied against the company in the light of the evidence that has been given?

MR. BRYDIE: I object to the form of the question that taxes have been claimed, not levied? --
THE COURT: That is right. You mean in addition to those said?

MR. BRYDIE: In addition to the taxes that have already been paid.
THE COURT: From 1936 to 1939?
MR. BRYDIE: Yes, my Lord.
THE COURT: Including both years?
MR. BRYDIE: Yes, my Lord.
THE COURT: I think, my Lord, you might say it starts in 1916.

Q. Very well ? A. Do you want it in summary or in detail ?

Q. I think we should have it in years .

THE COMMISSIONER: Whichever way Mr. Elliott has it. A. I have it both ways, my lord.

Q. Let us have it both ways. A. In the year 1915 we have increased the profits by reason of this so-called secret reserve by \$57,788.79, and we have taxed additionally under the Business Profits by reason thereof \$7,560.09. That is additional tax. Now, I am going to read the figures from now on with that governing basic explanation.

BY MR. McRUER: Q. Very well. A. 1916, \$321,351.04 as increased profit; taxes were \$77,436.44; if I might say, taxes calculated, put that in the note.

Q. The additional tax calculated ? A. Yes.

BY THE COMMISSIONER: Q. As Mr. Bruneau says, claimed ? A. Claimed, that is much better, claimed or to be claimed, let us put it that way.

Q. \$77,436.44 for 1916 ? A. That is correct, my lord. That was under the Business Profits tax. For 1917 profits have been increased by \$444,393.61 causing an increased claim for business profits of \$64,706.64. For 1918 the add back to profits is \$477,527.70 causing a claim for increased tax under business profits of \$130,554.98. In 1919 the add-back was \$289,971.02, but inasmuch as those inventory adjustments referred to above now appear in the capital of the company for business profits purposes on which they got 7 per cent reduction, inasmuch as

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Witness

A. Do you want

Very well?

is in summary or in detail?

Q. I think we should have it in years.

THE COMMISSIONER: Which ever way Mr. Elliott

A. I have it both ways, my lord.

Let us have it both ways. In the year

1915 we have increased the profits by reason of this

so-called secret reserve by \$37,782.70, and we have

taxed additionally under the business profits by

reason thereof \$7,880.03. That is additional tax.

Now, I am going to read the figures from now on with

the figures from the year 1915.

BY MR. BRYNE: Q. Very well. A. 1915.

\$321,851.04 as increased profits; taxes were

\$77,488.44; if I might say, taxes calculated, but

that in the note.

Q. The additional tax calculated? A. Yes.

BY THE COMMISSIONER: Q. As Mr. Bryne says,

claimed? A. Claimed, that is much better,

claimed or to be claimed, let us put it that way.

\$77,488.44 the tax?

Q. Yes. That was under the business profits for

the year 1915? A. Yes, that was increased by \$37,782.70.

Q. Now, the business profits for 1915 were

\$321,851.04. The year 1915 was \$321,851.04.

\$327,527.70 causing a claim for increased tax under

business profits of \$180,554.88. In 1915 the

tax was \$77,488.44, but I suppose in 1915 the

tax was referred to above now appear in the

figures of the business profits for 1915.

the add-back at the moment in total is \$1,301,061.14, that has reduced the tax liability under the Business Profits in 1919, and we had to give them a credit of taxes having been over-paid to the extent of

5 \$78,888.61.

BY MR. McRUER: Q. That is in view of the provisions of the Business Profits Tax Act that they were allowed exemption of a certain figure ? A. 7 per cent of the capital used in the business.

10 Q. Invested in the company ? A. Yes, in the business.

Q. The disclosure of the secret reserve after having been debited with proper taxes that ought to have been paid makes a net increase in the capital of the

15 company ? A. It works both ways. This way it works to their benefit.

BY THE COMMISSIONER: Q. For that year under the heading of Added tax you would have minus \$78,000.?

20 A. Yes, we over-collected taxes in that year. We give them credit for \$78,000. In 1920 re-instated profits is \$721,915.40, tax claimed on that is \$101,999.14.

BY MR. McRUER: Q. That deals with business profits ? A. That exhausts business profits but wait a minute, I should have pointed out in 1920 though the Business Profits Tax was in force yet by reason of the now quite large capital of the company and the exemption on that the profits were

25 not sufficient to make it liable under the Business Profits Tax Act. It therefore fell to pay the larger

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the book at the moment in total is \$2,501,001. That has reduced the tax liability under the profits in 1919, and we had to give them a credit of \$2,501,001. That has been overpaid to the extent of \$2,501,001.

Q. That is in view of the fact that the business profits tax act that they were allowed exemption of a certain figure? A. Yes, that is the capital used in the business.

Q. Invested in the company? A. Yes, in the business.

Q. The disclosure of the secret reserves that have been debited with proper taxes to the extent of \$2,501,001 makes a net increase in the capital of the company of \$2,501,001.

BY THE CHAIRMAN: Q. For that year would the heading of added tax you would have minus \$2,501,001? A. Yes, we over-collected taxes in that year. We gave them credit for \$2,501,001. In 1920 we had profits of \$2,501,001, tax of \$2,501,001, so that is \$2,501,001.

BY THE CHAIRMAN: Q. That deals with business profits? A. That deals with business profits. It is not a minute, I should have noted that in 1920 though the business profits tax was in force but by reason of the new duty large amount of money and the exemption on that the profits were \$2,501,001.

Q. That is the amount of the profits? A. Yes, that is the amount of the profits.

tax under the Income Tax Act and we made our claim under Income Tax of \$101,999.14, and not under Business Profits as stated because income was the larger. Well, I will correct that, we are going to make a claim. I want to keep within the spirit of my friend's objection.

Q. That is as it appears to you at the present time ? A. Yes, that is the correct way of stating it. 1921 was a year of loss, and perhaps it might be stated, my lord, at that time they used these large credits they had set up in a business way to reduce an otherwise very substantial loss for public consumption or corporate purposes, and I am in the awkward position, if I may interject here, of representing the facts as they are in this inquiry, and I wish most earnestly to indicate that I am not happy about it, because taxpayers generally are my clients and an absolute sense of fair play must at all times be strictly adhered to. We are neither advocates for the Crown or advocates of the taxpayer, and therefore, if there is a sense of conflict between business methods and legal requirements of our Act I wish to record that I recognize as good legal business any business' operations such as taking reserves for business purposes, but I do not recognize them for legal tax purposes. Do I make that clear, my lord ?

THE COMMISSIONER: Yes, I think I understand you. You are not objecting to reserves being taken but you do object them being concealed from you ? A.

... under the income tax act and we made our claim
under income tax of 191,999.14, and not under in-
come tax as stated because income was the largest.
... I will correct that, we are going to make a claim
to keep within the spirit of my friend's objec-
tion. That is as it appears to you at the present
time? A. Yes, that is the correct way of stating
it. 1921 was a year of loss, and perhaps it might be
stated, my lord, at that time they used these figures
credits they had set up in a business way to reduce
an otherwise very substantial loss for public consum-
tion or corporate purposes, and I am in the awkward
position, if I may interject here, of representing
facts as they are in this industry, and I wish most
because taxpayers generally are my clients and an
absolute sense of fair play must be maintained
generally speaking, as we are in the industry, and therefore,
Crown or advocates of the taxpayer, and therefore,
there is a sense of conflict between business people
and legal requirements of our act I wish to record
that I am not recommending them for legal tax
possession, but I do not recommend them for legal tax
possession. So I make that clear, my lord?
THE COMMISSIONER: Yes, I think I understand
you are not objecting to reserves being taken but
on legal grounds only, is that right?

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Quite so; in 1920, to finish that statement -- no, we have left that. In 1921, therefore, they received a credit because we had taxed them on the profits they brought from their reserves and put into their financial statements, and they made it appear they had a big profit in 1921 on a business basis but on the legal basis they actually had a loss.

BY MR. McRUER: Q. You are working this out as if they had disclosed the true basis to you throughout these years ? A. Exactly so; therefore there was nothing to tax in 1921.

BY THE COMMISSIONER: Q. This is an attempt at a reconstitution ? A. That is quite so, in accordance with the legal situation. That which we taxed in 1921 should not have been taxed. We did tax it and therefore they are entitled to a credit of \$132,176.28.

Q. That means again this year there will be a minus item ? A. Yes, that is a minus item. In other words, we have that money on hand and we have to apply it to the proper year. In the year 1922 the add-back to profits was \$201,524.27. The claim for Income Tax is \$21,160.04. In 1923 the add-back was \$476,593.01 and the claim under the Income Tax Act is \$50,042.26.

BY MR. McRUER: Q. I wonder if you could just raise your voice a little, Mr. Elliott ? A. In 1924 the inventory reserve was again used, brought into profits to the extent of \$102,561.26, and inasmuch as that had been declared before as a profit and is now

not a profit on the legal basis it gives a credit for that year or a minus quantity as your lordship has said of \$10,768.93. For the year 1925 there was an add-back to profits of \$164,097.19 raising a claim under income of \$14,768.75. In 1926 the add-back was \$713,585.96 raising an income tax claim of \$57,800.47. Then again there was a drawing upon reserves to bolster profits for business purposes. We taxed that bolstered profit to the extent -- bolstered to the extent of \$5,002.83.

BY THE COMMISSIONER: Q. What year? A. 1927 which we now must give them credit for and that credit is \$400.22. In 1928 we add to profits \$200,504.42 and there is an income tax claim of \$16,040.35. The year 1929 was a year of loss, and though they brought back some of the reserve to bolster profits in the business sense yet it still left no taxes claimed in 1929. In 1930 there was added to profits \$12,360.77 raising an income claim of \$452.71. The years 1931, 1932 and 1933 were years of loss. The reserve was drawn upon for business purposes but not sufficient to put it into the black. That brings us to the year 1934 when we added to profits \$111,602.89 raising an income tax claim of \$15,066.83, and this is based on the inventory only because we are still surveying this. When I say still we are surveying 1934, 1935 and 1936. Those returns are what we call current returns in our office and they are subject to review. Therefore, what claim I am putting forward now is solely on an inventory claim. We, in our own practice I want to

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not a profit on the legal basis it gives a credit
said of \$10,708.25. For the year 1935 there was an
add-back to profits of \$104,037.19 raising a claim
under income of \$114,708.75. In 1936 the add-back was
\$713,538.98 raising an income tax claim of \$87,800.
Then again there was a drawing upon reserves to bring
profits for business purposes. As taxed that profit
profit to the extent -- balanced to the extent of
BY THE COURT: It is the order of the court that the
which we now want give them credit for and that credit
is \$400.32. In 1938 we add to profits \$200,504.42
Year 1939 was a year of loss, and though they brought
back some of the reserve to bolster profits in the
business sense yet it still left no taxes claimed in
1939. In 1939 there was added to profits \$13,800.77
raising an income claim of \$438.71. The years 1941
1938 and 1939 were years of loss. The reserve was
drawn upon for business purposes but not sufficient
to put it into the black. That brings us to the year
income tax claim of \$13,800.77, and this is based on
the inventory only because we are still surveying this
when I say still we are surveying 1934, 1935 and 1936
These returns are what we call current returns in our
records and they are subject to review.

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inform the company may find many other items, depreciation, capital expenditure and what not, that we might add back. These figures I am giving now I am advising the company are in respect to inventory and are not final in respect to the claim of the Crown.

1935, \$396,348.77 was added back to profits and a claim on an inventory basis for taxes of \$59,452.32. 1936, the add-back will be \$98,533.14 raising a tax claim of \$14,779.97.

10 BY MR. McRUER: Q. How much? A. \$14,779.97.

The total of all these years in respect to claim for taxes is reduced by the credit mentioned as I went along and leaves now a claim of \$409,586.50 of which related to business profits is \$201,369.54. The balance relates to income, \$208,216.96 or as stated a total of \$409,586.50.

Q. That is without any computation of any interest that may be due or any penalties or anything?

A. That is a pure tax claim I have referred to.

20 Q. My friend Mr. Beauregard says a pure capital tax, the capital of it without any -- A. Well, to state it clearly that is the tax without any consideration of interest whatsoever.

Now, I just want to see, have we covered all the certificates that have been filed by this company?

A. I think so.

Q. In respect to inventory and any information that you have?

A. It is a very comprehensive question.

30 Q. That you know of, at any rate? A. Yes, I

...and what not, that we
might add back. These figures I am giving now I am
advising the company are in respect to inventory and
are not final in respect to the claim of the Crown.
...\$388,348.77 was added back to profits and a
claim on an inventory basis for taxes of \$38,468.88.
...the add-back will be \$38,548.14 resulting a tax
claim of \$14,778.97.

BY MR. HODGINS: Q. How much? A. \$14,778.97.
The total of all these years in respect to claim for
taxes is reduced by the credit mentioned as I want
related to business profits is \$201,888.54.
Balance related to income, \$208,216.98 or as stated
total of \$409,888.50.

...that is without any computation of any interest
that may be due or any penalties or anything?
That is a pure tax claim I have referred to.
My friend Mr. Beauregard says a pure capital
...the capital of the company is
to state it clearly that is the tax without any con-
sideration of interest whatsoever.

Now, I just want to see, have we covered all
...the capital of the company is
...the capital of the company is
...the capital of the company is

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Think so.

THE COMMISSIONER: Now, just a moment please.

You see it is a little after half past twelve. I understood yesterday Mr. Elliott wanted to get away this afternoon; is that so ?

A. Yes.

Q. What is the proposal then ?-
to get the 3:30 train.

A. I want

to get the 3:30 train.
Q. Is it proposed that we adjourn not until this afternoon but till Monday morning ?

MR. McRUER: What about you, Mr. Bruneau ?

MR. BRUNEAU: I just have a couple of questions.

MR. McRUER: If Mr. Bruneau can be short --

THE COMMISSIONER: Now, I don't want to hurry you Mr. Bruneau.

MR. BRUNEAU: I understand that, my lord.

THE WITNESS: I am quite willing if the Court should sit here another hour.

MR. BRUNEAU: I only have a couple of questions.

THE COMMISSIONER: Because if you have not sufficient time to examine Mr. Elliott thoroughly to-day we can do so on Monday .

MR. BRUNEAU: I appreciate your lordship's courtesy. As to the disclosures, Mr. Elliott, made to Mr. Breadner or officers of the Department under the Business Profits War Tax Act is it possible that there were verbal disclosures which are not shown on the records ?

A. Well now, you are asking me to give my opinion which you objected to Mr. McRuer. If it is agreeable I will do so.

Q. That is under the reserve of the objection I have made.

A. Well, Mr. Bruneau here is a

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company claiming reserves that were openly discussed
amounting to say \$130,000. in 1918, if my memory is
right, \$230,000 in 1919, and then an \$800,000. claim
in 1920. Discussing these reserves and realizing they
were added back to the profitsof the company if the
so-called secret reserves had been discussed those re-
serves would have been treated in exactly the same way
because there was no decline in inventory in those
years. It rose steadily and there was no claim
in law for that. Therefore, the reasonable co clusion
is that they could not have been mentioned or the De-
partmental officials would have added those reserves
back the same as they did add back reserves of which
they knew about.

Page 13205 follows.

1917

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amounting to say \$150,000. in 1918, if my memory is
right, \$150,000 in 1919, and then at \$200,000. of late
in 1920. Discovered that the reserves had nothing to
do with the fact that the company if the
so-called assets reserves had been discussed there to
serve might have been protected in exactly the same way
because there was no dealing in inventory in those
years. It rose steadily and there was no claim
in law for that. I think, the reserves in 1917
is that they could not have been mentioned on the bal-
ance sheet officials would have added those reserves
back the same as they did add back reserves of 1917.

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Q. There is a Mr. A. J. Grant, whose name appears on various letters. Is he still with the Income Tax Department? A. He was an official in the office of the Inspector at Montreal, holding the position of an assessor. He left the service August 31, 1923.

Q. Is he still available? A. I could not say. I do not know where he is now.

Q. I merely asked because I find reference later made to a long conference with Mr. Grant.

A. Yes, I think he would be available if he resigned in 1923, although I know nothing of his whereabouts now.

Q. Does your file indicate that long conferences were also held with Mr. Breadner? A. The word "long" is a comparative term. There are some letters.

I recollect that Mr. Dawson stated he was coming up to see Mr. Breadner, and therefore it is quite possible that he did come and did discuss the affairs of the company.

Q. Is it also possible that Mr. Grant examined the company's records in Montreal? A. Quite possible.

Q. And that if so -- A. In fact, if you will allow me to speak from memory, from my reading of the file, I think he was at the office of the company. I find that there is something on file that indicates he discussed inventories with the company at their place of business. Yes, I turn over to the letter of March 17, 1922, a

appears on various letters. Is he still with the
Income Tax Department?
A. He was an official
in the office of the Inspector at Montreal, holding
the position of an assessor. He left the service

Q. Is he still available?
A. I could not
say. I do not know where he is now.

Q. I merely asked because I think reference
is made to a long conference with Mr. Grant.
A. Yes, I think he would be available if he re-
signed in 1933, although I know nothing of his
whereabouts now.

Q. Does your file indicate that the following
were also held with Mr. Brewster?
A. The word
"loan" is a comparative term. There are some letters
I recollect that Mr. Dawson stated he was coming
up to see Mr. Brewster, and therefore it is quite
possible that he did see him at the time of the
affairs of the company.

Q. Is it also possible that Mr. Grant examined
the company's records in Montreal?
A. Quite
possible.

Q. And that is so --
A. In fact, if
you will allow me to speak from memory, from my
reading of the file, I think was at the office
of the company. I find that there is something on
file that indicates he discussed investments with
some of the directors at their place of business. Yes, I
went with him to the office of March 17, 1933.

letter from the Inspector of Income Tax at Montreal to Mr. Breadner, and the initials down in the corner are AJG, which I think is the same Mr. Grant to whom you refer. The third paragraph of that letter reads as follows, and I think the letter would be dictated by Mr. Grant:

"On examining this company's records we find that raw cotton was taken into inventory on March 31st, 1920, (the close of their fiscal year) at 40.14 cents, on the 2nd of June the quotations on this material, from the Newburger Cotton Company, of Memphis, Tenn., was 20 cents. It is obvious, therefore, that the decline of 20 cents is exceeded. It has also been proven that the entire quantity of raw material in at the close of their year was to be absorbed at that date.

The 20 per cent allowance on manufactured goods is based on the value of raw cotton."

You will remember we were talking about a 20 cents claim by this company, and that they were only allowed 20 cents. It was obviously allowed on this report.

Q. I understand that inventories have recently been examined by officials of the department?

A. What do you mean by recently.

Q. I mean in the last few weeks. A. When I first got on this I phoned my inspector, and told him to get his men on it at once, and if they are not there they are negligent in their duty.

...the 1930's, which I think is the same as ...

...the 1930's, which I think is the same as ...

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...the 1930's, which I think is the same as ...

Q. Have they reported any difficulty?

A. On the contrary, they were very willing to disclose every thing.

BY THE COMMISSIONER: Q. The company was?

A. Yes, quite so. I have heard that since, and Mr. Brown in particular came to our office, I think the day after I phoned and said that he was the new Auditor and that as far as he was concerned everything was going to be spread openly on the record. His attitude was very fine.

Q. Have you had any report that there had been any difficulty in finding out what were the actual values of these inventories from 1916 down, on the books of the company? A. No, I do not think I have, but I have no doubt that we shall have some trouble.

Q. And the various inventories on the books of the company which contain references to all the amounts taken, and which show the lists of prices of the goods, would that indicate to you any concealment in the records of the company at any rate. A. At this time?

Q. Yes. A. No.

THE COMMISSIONER: I do not just get the meaning of that question. Any concealment at this time? We have been hearing evidence all along about concealment up to this time.

MR. BRUNEAU: I mean, my lord, the inventory records.

THE WITNESS: And I answered that question

Q. Have they reported any difficulty?

A. On the contrary, they were very willing to discuss everything.

BY THE COURT: Q. The company was?

A. Yes, quite so. I have heard that since, and

Mr. Brown in particular came to our office, I think

the day after I phoned and said that he was the new

auditor and that as far as he was concerned every-

thing was going to be worked openly on the records.

His attitude was very fine.

Q. Have you had any report that there had

been any difficulty in finding out what were the

actual values of these inventories from 1915 down,

on the books of the company? A. No, I do not

think I have, but I have no doubt that we shall

have some trouble.

Q. And the various inventories on the books

of the company which contain references to all the

amounts taken, and which show the lists of prices

or the goods, would that indicate to you any con-

cealment in the records of the company at any time.

A. At this time?

Q. Yes. A. No.

THE COURT: I do not just get the meaning

of that question. Any concealment at this time?

We have been hearing evidence all along about con-

cealment up to this time.

MR. BROWN: I mean, my lord, the inventory

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perhaps too sharply and too technically. May I explain what is in my mind on that question.

THE COMMISSIONER: I think you had better.

5 THE WITNESS: As I understand it, the inventory sheets as to quantities, weights, measures and prices, were made up on what I shall call loose sheets. Then these loose sheets or inventory records were totalled up and some discount was taken, and the resulting figure after the discount was carried, I
10 believe, to the book which Mr. Bruneau held in his hand a moment ago and called the inventory record -- that is the permanent inventory record available to our officers at any time.

15 BY MR. BRUNEAU: Q. Yes? A. But to make a proper examination, if time would permit, we should go to the loose inventory sheets themselves. Does that explain it, my lord?

THE COMMISSIONER: Where are these loose inventory sheets now, do you know?

20 THE WITNESS: I presume they are in the records of the company, available if you had time and opportunity to go through them. But I should ask Mr. Bruneau that question.

25 BY MR. BRUNEAU: Q. Mr. Elliott, have you ever at any time had anyone report to your department that they had any difficulty about information being concealed by this company? A. Not at any time to my knowledge.

30 Q. Is it to your knowledge that visits to the company's offices and examination of these

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parting too sharply and too technically. May I

explain what is in my mind on that question.

THE CHAIRMAN: I think you had better.

THE WITNESS: As I understand it, the inven-

tory sheets as to quantities, weights, measures and

prices, were made up on what I shall call loose sheets

that these loose sheets or inventory records were

collected up and some of account was taken, and the

inventory sheets were then put into the inventory

books, to the book which Mr. Brown held in

his hand a moment ago and called the inventory

record -- that is the permanent inventory record

available to our officers at any time.

BY MR. BROWN: A. Yes? A. Not to

have a proper examination, if time would permit,

we should go to the loose inventory sheets them-

selves. Does that explain it, my lord?

THE CHAIRMAN: That is all right.

Inventory sheets, are they not?

THE WITNESS: I presume they are in the

records of the company, available if you had

time and opportunity to go through them. But I

should ask Mr. Brown that question.

BY MR. BROWN: Q. Mr. Elliott, have you

ever at any time had anyone report to your depart-

ment that they had any difficulty about information

being concealed by this company? A. Not at any

time to my knowledge.

Q. Is it to your knowledge that visits to

the company's offices and warehouses, and

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records there have taken place from time to time?

A. The only record is the one I brought to your notice a few moments ago. I will ask our auditors, some of whom are here, if they know of any, if I may.

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Do you know of any other records, Mr. Gray?

MR. GRAY: No.

THE WITNESS: Do you know of any, Mr. Sharpe?

MR. SHARPE: I do not, Mr. Elliott.

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BY MR. BRUNEAU: Q. Presumably there were discussions with Mr. Baker, the auditor of the company, in the last ten years. A. I would think so, yes.

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Q. Then as to the actual tax, I suppose we can go as far as to say that the matter of ascertaining what are the profits on which the company is to be taxed is a matter of considerable difficulty.

A. Always. I will answer that, if I may, for the benefit of His Lordship, a little more fully.

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Your Lordship well knows that a profit is made when a commodity is purchased, expenditure is laid upon it, and it is finally sold. The difference is the profit that comes home to the company. That profit is dealt with in two ways. One by inventory considerations at the end of each year, by introducing something that legally does not happen, namely, cost or market whichever is lower, that is not a legal incident. Secondly, there are discretionary matters in the act, such as the amount of depreciation that is to be given in respect of wasting assets. That

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...there have been since then to time

1. The only record is the one I brought to you

...a few months ago. I will ask our auditor

...of whom we have, if they know of any, all I say.

Do you know of any other records, Mr. Gray?

Mr. Gray: No.

Mr. ...: Do you know of any, Mr. ...?

Mr. ...: I do not, Mr. ...

BY Mr. ...: Presumably there were

discussions with Mr. ... the auditor of the

company, in the last ten years. A. I would think

so, yes.

2. Then as to the total tax, I suppose we

can come for as to say that the matter of over-

telling what are the profits on which the company is

to be taxed is a matter of considerable difficulty.

A. Always. I will answer that, if I may, for the

benefit of the company, a little more fully.

Your honorship will know that a profit is made when

a commodity is purchased, expenditure is laid upon

it, and it is finally sold. The difference is the

profit that comes home to the company. That

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and determination at the end of each year, by introducing

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is not a legal incident that can be accurately determined, but is a matter of judgment. Therefore when you ask me the question, are profits difficult of determination, particularly when you are dealing in substantial sums and a small change of discretion means considerable monies, the answer is yes, it is a very difficult thing because of the mixed questions of law and business considerations, both of which are recognized in the provisions of the Act itself.

Q. Would you also go so far as to say that the value of inventories at the end of any year at their cost or market basis at that time involves to some extent an element of estimating profits before they have actually been made? A. The estimate is to be agreed upon by the parties referring to the best available evidence as to what the market price is at the time of closing the inventory.

Q. The inventory that is taken consists of goods that have not yet been sold? A. That is correct.

Q. And on which it is not really certain at the time what profit will be made? A. That is correct.

Q. So that a certain compromise is reached for practical purposes, to reach an assessment.

A. Well, a compromise to my mind includes disregarding the evidence. I would rather say that a reasonable determination is made, having regard to the market price.

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termined, but is a matter of judgment.

of information, particularly when you are dealing
in substantial sums and a small amount of discrepancy
is a very different thing because of the mixed question

of law and business considerations, both of which
are recognized in the provisions of the Act itself.
9. Would you also go so far as to say that

the value of inventories at the end of any year
at their cost or market basis at that time involves
to some extent an element of estimating profits
before they have actually been made?

A. The estimate is to be arrived upon by the parties
concerned in the case and the estimate is not
the same as the value of the inventory.

6. The inventory that is taken consists of
goods that have not yet been sold.

is correct.
7. And on which it is not really certain at
the time when you are making the inventory?

8. So that a certain compromise is reached
for practical purposes, is that correct?
A. Well, a compromise to my mind includes deter-
mining the evidence. I would rather say that a

compromise is reached, and that is the way it is

13 211 Elliott

Q. I read this short extract from Plaxton & Varcoe's book on Dominion Income Tax law --

THE COMMISSIONER: What is the second name?

MR. BRUNEAU: Varcoe.

THE WITNESS: Second edition, 1930.

BY MR. BRUNEAU: Q. I quote a short extract from page 168 of that book:

"Where profits are determined by inventories, which must be the case where stocks of goods are carried in the course of manufacture or trade, such inventories should be prepared on the basis of cost, unless by the character of the business or broad and well-established custom a lower valuation should be accepted."

Would that be fair? A. No, I think the last phrase or clause where it speaks of the character of the business -- the character of the business has nothing whatsoever to do with it. The question is what is the closing price of the market at the end of the fiscal period. And that applies to all companies and their commodity irrespective of what their character may be.

Q. But in estimating the value of a company's goods at the end of a year it is suggested by these authorities that the character of a business may be taken into account, and I refer to the cotton business where you get reductions in value from several factors that you have already referred

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9. I read this short extract from Plaxton's

Yarns' and on looking down at the

in conclusion: what is the second name?

Mr. Brydie: None.

Mr. Brydie: None.

By Mr. Brydie: I make a short extract

from page 100 of that book:

"There profits are determined by inven-

tures, which must be the same here as else-

of goods are carried in the course of man-

ufacture on trade, such investments should be

entered on the side of cost, unless by the

character of the business or by the well-

established custom of a firm or location should

be accepted."

Would that be fair? A. No, I think the

last phrase or clause where it speaks of the

character of the business or by the well-

business had nothing whatever to do with it.

The question is that it is a matter of fact

that it is a matter of fact that it is a matter

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4. But in estimating the value of a company's

goods at the end of a year it is suggested by

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that it is a matter of fact that it is a matter

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to in your evidence. Would there not be at least some justification -- I do not want to pin you down too tightly -- A. It is all right, I am not embarrassed.

5 Q. Would there not be some justification for a company putting a conservative valuation on inventories composed of such goods? A. From a business point of view, yes. From a legal point of view, having regard to the terms of the Act, all
10 companies, no matter if they are dealing with an inventory of goods which fluctuate violently from year to year, nevertheless they must close their inventory at the market price, or if it is below, at cost.

15 Q. Is that a matter of the Act or departmental regulation? A. It is a matter of commercial practice adopted by the courts through successive jurisprudence, imported into the statute law of the land and accepted generally. Therefore it is not
20 a regulation; it is not specifically contained in the statute, but it is like the common law, it is so well known, everyone must adopt it. Only it is the commercial law which is so well known that from the time business was properly regarded up until today
25 that practice has been almost invariable.

Q. I read from the same book this extract:

"Presumably there must be a turnover of the merchandise before a profit can be said to have accrued or been received."

30 And at the same place, in referring to the different

to in your evidence. Would there not be at least some justification -- I do not want to pin you down too tightly -- A. It is all right, I am

Q. Would there not be some justification for a company paying a conservative valuation on inventories as opposed to such a policy? A. From a business point of view, yes. From a legal point of view, having regard to the terms of the Act, all companies, no matter if they are dealing with an inventory of goods which fluctuates violently from year to year, nevertheless they must close their inventory at the year end, or if it is below at cost.

Q. Is that a matter of the Act or Governmental regulation? A. It is a matter of companies' practice adopted by the courts through successive judgments, imported into the statute law of the land and accepted generally. Therefore it is not a regulation; it is not specifically contained in the statute, but it is like the common law, it is so well known, everyone must adopt it. Only it is the commercial law which is so well known that from the time business was properly regarded up until today that practice has been almost invariable.

Q. I am sure you are not all agreed. A. Presumably there must be a transfer of the merchandise before a profit can be said to have accrued or been received.

methods of estimating inventories, the authors say:

"There is no express rule in favour of
this method --"

That is of taking inventories:

5 "-- and perhaps a trader can insist on his
profit being ascertained by comparison of re-
ceipts and expenditures."

Would you say at any rate that those are workable
propositions? I will not ask you to agree with them.

10 A. Well, there are two thoughts in your question.
I would like to separate them. The first one is
that a profit is not made until a commodity is sold.
Now that touches the inventory question. Suppose
that the market value where the goods could be
15 readily sold was in excess of the cost, you would not
say to the company, "You must bring those goods in
and reflect the now potential cost due to the market
price being above your cost." Everyone would agree
with that, that there is not a profit. But in the
20 contemplation of law or business or income tax,
until that commodity is actually sold. That is
Point One.

Now Point Two, on receipts and expenditures.
25 When you sell your goods you perhaps receive a note
of some kind, and that is an asset in itself, not
reduced to the basic profit of cash, but nevertheless
when they sell their commodity they have a receivable.
The usual accounting practice brings in the profit
30 that is inherent and shows it just as if it were cash,
and it shows in the annual statement a profit which

part of the work in the office, the chief of
the office is in the office of the chief of the office.

That is of course the case, and the chief of the office is in the office of the chief of the office.

And the chief of the office is in the office of the chief of the office.

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in point of strict law it has never received
because you may never cash your receivable, or what-
ever the document is. Now, can you leave that out
and say that is not a profit, it is only a change
5 in the form of an asset? But they are both
assets. Yet the commercial and accounting world
says, "No, you must declare as if it was a profit,"
and that is where the point comes in. It is not a
receivable in the sense of received cash. It is
10 only an asset, and so we will give you a reserve
against it. In a broad way it is a reserve for a
portion of the profits not yet received. So
receipts and expenditures is not altogether a
proper basis in the sense in which it is used in
15 that book.

Q. I understand that a good many legal firms
merely show their actual receipts irrespective of
whether they have been paid their bills or not,
irrespective of whether these bills are collectible
20 or not. A. I am going to give the legal
profession perhaps something that is pretty close
to fact. They do not keep good books of account,
and therefore we say to them, "You have to keep
25 track of your cash," and we tax them on a cash basis,
which means the money they get in and pay out,
what they set up in their Journal and Day Book; and
all the adjustments they make between the Journal
and the getting of the cash, we do not tax them on
30 that.

in point of strict law it has never received

because you may not cash your receipt, or what-

ever the document is. Now, can you leave that out

and say that is not a receipt, it is only a change

in the form of an asset? But they are both

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receipt in the sense of reserve cash. It is

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against it. In a broad way it is a receipt for a

portion of the profits not yet received. So

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major basis in the sense in which it is used in

that book.

Q. I understand that a good many local firms

merely show their actual receipts irrespective of

whether they have been paid their bills or not.

irrespective of whether these bills are collectible

or not. A. I am going to give the local

business a very simple answer that is very plain

and clear. They do not keep good books of account,

and therefore we say to them, "You have to keep

track of your cash," and we tax them on a cash basis

which means the money they get in and pay out.

and that is in their case and in my case; and

all the arguments that are raised by business

and the people in the world, as to how the law

13215

Elliot

Q. Do they merely pay on their profits as they are collected? A. I would say on their cash profits.

Q. Cash profit collected? A. That is correct.

Q. Has not Canadian Cottons done here something more or less of the same kind? They have paid on their cash profits as collected? A. Oh no, Mr. Bruneau, they did not do that.

THE COMMISSIONER: The fact that witness tells us he is claiming \$409,000 answers that question. You want his opinion now.

MR. BRUNEAU: Yes, under reserve. I understand that by not calculating their profits on their inventory before the inventory was turned into actual profits, it adjourned the collection from one year to the next.

MR. McRUEL: It has adjourned to the amount of \$2,276,000.

MR. BRUNEAU: It is carried along.

MR. McRUEL: The inventory which made that profit has gone years ago.

THE WITNESS: You cannot move from the cash basis into the accounting basis of the commercial world. They are vastly different. In the commercial world you have to bring your inventory in as stated, and if you bring it in at a lower figure than cost or market you are only borrowing from the future something that is going to transpire when the

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are collected?
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cash profits.
Q. Cash profit collected?
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correct.
Q. Has not Canadian Cotton done some-
thing more or less of the same kind? They have paid
on their cash profits as collected?
A. Oh no,
Mr. Bureau, they did not do that.
THE COMMISSIONER: The fact that witness tells
us he is claiming \$409,000 answers that question.
You want his opinion now.
MR. BUREAU: Yes, under reserve. I understand
that by not collecting their profits on their inven-
tory before the inventory was turned into actual
profits, it adjourned the collection from one year
to the next.
MR. MOHRER: It has adjourned to the amount of
\$2,278,000.
MR. BUREAU: It is carried along.
MR. MOHRER: The inventory which made that
profit has gone years ago.
THE WITNESS: You cannot move from the cash
basis into the accounting basis of the commercial
basis. That is the basic difference. As the commercial
basis you have to bring your inventory in as stated,
and if you bring it in at a lower figure than
it is, you are only bringing in a lower figure than
it is.

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Elliott

commodity is legally sold. You are not simply borrowing. You are enhancing something that is going to be of greater profit when it is sold in the future. In other words, you are trying to average your profits. But I am trying to state it to you in our legal parlance and not in accounting parlance. I do not know that I have done it very well.

BY MR. BRUNEAU: Q. There is one other authority I wish to refer to, the Encyclopedia Britannica, 29th edition, from which I have copied this extract verbatim. I suppose you have read this article, Mr. Elliott? A. I have read it.

Q. It says:

"It is absolutely impossible to determine the profits of a going concern from year to year with precision because nothing more reliable than estimates can be formed of the value of its outstanding obligations and unrealized possibilities."

Is that an accurate statement? A. That is a correct statement, absolutely. That is what I was pointing out a little while ago. You have to make ~~low~~ estimates in respect of inventories and wasting assets.

Q. And the assessment which the department has made is a tentative assessment? A. I do not know what you mean. All I can say is they have been assessed.

Q. But the letter accompanying the assessment? A. I see what you mean.

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commodity is heavily sold. You are not simply

porting. You are enhancing something that is going

to be of greater profit when it is sold in the future

In other words, you are trying to even out your profit

But I am trying to state it to you in our legal language

and not in your own language. I do not know

that I have done it very well.

MY MR. BRYDIE: A. There is one other authority

I wish to refer to, the Encyclopedia Britannica.

Both editions, from which I have copied this extract

verbatim. I suppose you have read this article, Mr.

Witness. A. I have read it.

Q. It says:

"It is absolutely impossible to determine

the profits of a going concern from year to

year with any degree of accuracy."

Reliable then estimates can be formed of the

value of its outstanding obligations and un-

realized possibilities."

A. That is an accurate statement. That is what I

a correct statement, absolutely. That is what I

was pointing out a little while ago. You have to

make few estimates in respect of inventories and

working capital.

Q. And the statement which the Government has

made is a tentative assumption? A. I do not

know what you mean. All I can say is that have been

assumed.

Q. And the statement which the Government has

made is a tentative assumption?

THE COMMISSIONER: Is that the same assessment of \$409,000 ?

THE WITNESS: No, it is not, my lord.

MR. BRUNEAU: I ask that because last week here
5 one of the officials of the company told me the company had received a new assessment of about \$381,000 for a certain period.

THE WITNESS: Subject to the figures being
10 slightly out, substantially they are correct, and the assessment was issued.

BY MR. McRUER: Q. That was for income tax
alone? A. Yes, and it was accompanied by a
letter stating that so far as we had been apprised
15 of the situation we wanted to get the assessment out, but it was rather rapid, and we certainly, Mr. Bruneau, give you the opportunity of every taxpayer of having his assessment taxed in accordance with the law.

MR. BRUNEAU: I am quite sure of that. We
20 have already experienced fairness from the department in many cases, and I do not question that in the least.

BY MR. McRUER: Q. There are one or two things
I want to clear up. My friend speaks of a tentative
25 assessment. Anything that has been done so far has not dealt with the Business Profits Tax at all?
A. The assessment was income tax assessment.

Q. Yes, and my friend has repeatedly brought
30 this up, and it is not the first time in this inquiry that "certain things appear in our books, and the officers have access to the books." Do you regard it,

THE COMPANY: Is that the same assessment

of \$400,000?

THE WITNESS: No, it is not, my Lord.

MR. BRYDIE: I am that because I am not here

one of the officials of the company told me the

company had received a new assessment of about

\$400,000 for a certain period.

THE WITNESS: Subject to the figures being

slightly out, substantially they are correct, and the

assessment was issued.

BY MR. BRYDIE: That was for income tax

alone? A. Yes, and it was accompanied by a

letter stating that so far as we had been apprised

of the situation we wanted to get the assessment out,

but it was rather rapid, and we certainly, Mr. Brydier,

give you the opportunity of every taxpayer of having

his assessment taxed in accordance with the law.

MR. BRYDIE: I am quite sure of that. We

have already experienced business from the Government

in many cases, and I do not question that in the

past.

BY MR. BRYDIE: There are one or two things

I want to clear up. My friend speaks of a tentative

assessment. Anything that has been done so far

has not dealt with the Business Profits Tax at all?

A. The assessment was issued for income tax.

A. Yes, and my friend has requested that

the assessment be issued in the form of a

letter to the company, and I am sure, my Lord,

that you would be to the point. Do you regard it

Mr. Elliott, that companies are in any way relieved from making a true and correct return to the Income Tax Department by reason of the fact that, although the return may not fully and fairly disclose the affairs of the company, the affairs of the company are disclosed in some books that they have?

A. Oh no, not relieved in the slightest degree.

Q. You expect them in their returns, irrespective of what may be in their books or of what anyone by spending days of diligence may find --

MR. BRUNEAU: Or a few seconds of diligence.

MR. McRUR: My friend says seconds --

THE WITNESS: Let me answer that. We expect the income tax returns to contain such statements that if, as and when we do investigate the affairs of the company we will find them all clearly and wholly reflected there, so that our statements will be in exact conformity with the true position of the company, and that would mean in this case that we should find our statements conforming to the true profits of this company, which should include these so-called secret reserves.

Q. Just one more question. Will you turn to that letter of March 17, 1922, to see what was disclosed to Mr. Grant when he did go to the company, and read again that paragraph from the letter?

A. The one I read before.

Q. Yes. A. It is as follows:

812 :f

4301154

"On examining this Company's records we find that raw cotton was taken into inventory on March 31st, 1920, (the close of their fiscal year) at 40.14 cents."

5 Q. That is as far as you need to go. Mr. Brown has given in evidence that raw cotton was taken in that year into the Company's inventory at 8 cents a pound. So there we have it. I do not ask you to express any opinion on what they find in the records they go through.

10 BY MR. BRUNEAU: Q. I understand that the liabilities under the Business Profits War Tax Act were limited by law to three years? A. No, that was in the original act, but that was repealed.

15 Q. And that was still in force in the last Act? A. No.

THE COMMISSIONER: What do you mean by that, Mr. BrunEAU ?

20 MR. BRUNEAU: I read Article 13, section 4, of the Business Profits War Tax Act, where the liability proceeds for three years.

THE COMMISSIONER: Do you mean that if you can get away for three years you are safe?

25 MR. McRUER: When the company discloses that cotton was taken in at 40.14 cents when it actually was taken in at 8 cents !

MR. BRUNEAU: We do not need to enter into a discussion of that.

30 BY MR. McRUER: Q. There is one other thing in regard to valuations. I have been furnished with

11/11/11

"On examining this company's records

we find that raw cotton was taken into inven-
tory on March 1st, 1930. (The close of the in-

fiscal year) at 40.14 cents.

has given in evidence that raw cotton was taken
in that year into the company's inventory at 8 cents

a point. No there we have it. I do not ask you to
express any opinion on what they find in the records

that is all.

BY MR. BRYDIE: Q. I understood that the

liabilities under the British India Act of 1911

were limited by law to three years? A. No, they

were in the original act, but that was repealed.

Q. And that was still in force in the last

A. No.

THE COMMISSIONER: What do you mean by that?

MR. BRYDIE:

MR. BRYDIE: I read Article 13, section 4,

of the British India Act of 1911, which says

liability proceeds for three years.

Q. Now, what does that mean?

and set away for three years for the sales?

MR. BRYDIE: When the company discloses that

cotton was taken in at 40.14 cents when it actually

was taken in at 8 cents!

MR. BRYDIE: We do not need to enter into a

(Continued on next page)

There is one other thing

in regard to the matter

13220

Elliott

a statement in regard to Form T2. There was a ruling issued on October 1, 1932, which reads as follows:

"Claims for Inventory Decline

For the purpose of assessment, inventories will be taken at cost or market whichever system is adopted by the taxpayer for any particular year.

However, a taxpayer will not be permitted, for assessment purposes, to change his inventory basis after the statutory date for filing the return."

Do you remember that?

A. Yes. In 1931

the law relating to income tax was added to by the following statement.

(Page 13230 follows)

a statement in regard to John W. There was a
 ruling issued on October 1, 1902, which reads as

Article 17 - Assessment of Real Estate

For the purpose of assessment, the assessment
 will be taken at cost or value whichever is
 is elected by the taxpayer for any particular

However, a taxpayer will not be permitted
 for assessment purposes, to change his interest
 basis after the statutory date for filing the

Do you remember that?
 A. Yes. In 1901
 the law relating to income tax was added to by the
 following statement.

(Page 1023) follows)

I am stating it by memory. In determining the profits or gain there shall not be allowed the following deductions. It is under Section 6, I think. Then it goes on in one of the paragraphs, A,B,C or D, reserves except such as are specifically allowed by the Act namely depreciation for wasting assets. Now then, that stopped in 1921, all these reserves. If you will observe my evidence from that time on right through our whole income tax assessments, so far as we knew of any reserves they were always added back. In point of fact there was not any claims in those years. The statute stood there. Then, returns were filed from time to time that were not in conformity with the published statements to say the shareholders, creditors, banks or the public generally so we said "We are not going to play fast and loose with ourselves or with the group of persons I mentioned. What goes in the books is what we are going to go on, and when they file a return with us they must be the same as the books and there is going to be no changes thereafter." In other words, representations for the purpose of reducing taxes alone are not regarded by us as good representations. Therefore, we issued this statement because we had many representations coming in and we wanted to stop them, all across Canada. So we said "there is no use coming if your statement is not in conformity with your books; we cannot help you. You must file" -- the last paragraph of that statement says "you must file in accordance with your books", and that is the end of it.

...an attempt to by ... in determining the profits
...earn there shall not be allowed the following de-
...It is under section 6, I think, that it
...of the ... or ... reserves
...allowed by the act
...separately for meeting ...
...that started in 1921, all these reserves. If you still
...evidence from that time on right through
...income tax assessments, so far as we know
...of any reserves they were always made back. In
...point of fact there was not any claim in these years
...at rate ... there. ... reserves were ...
...time to time that were not in conformity with
...the published statements to say the shareholders, ...
...litors, banks or the public generally so we said
...are not going to play fast and loose with our-
...selves or with the group of persons I mentioned.
...What goes in the books is what we are going to ...
...and when they file a return with us they must be the
...same as the books and there is going to be no changes
...the matter." In other words, representations for the
...purpose of reducing taxes alone are not regarded by us
...as good representations. Therefore, we issued this
...statement because we had many representations coming
...in and we wanted to stop them, all across Canada. So
...we said "there is no use coming if your statement is
...not in conformity with your books; we cannot help
...you. You must file" -- the last phrase was of that
...statement says "You must file in accordance with your
...ca", and that is the end of it.

Q. Very well, thank you, Mr. Elliott.

THE COMMISSIONER: Thank you, Mr. Elliott.

MR. McRUER: My lord, before Mr Bruneau leaves I ask him to produce their returns.

5 THE COMMISSIONER: Returns to whom ?

MR. McRUER: To the Government, income tax returns, so that we may have them filed and I will have copies made of them and return copies to my friend so that he has them to work on.

10 MR. BRUNEAU: I just have thirty days to prepare the notice including the reasons why we dispute the assessment.

THE COMMISSIONER: What do you mean by returns?

15 MR. McRUER: I want to get the returns on the record.

MR. BRUNEAU: You have copies already, I think, of all these things.

20 THE COMMISSIONER: What do you want to get on the record, the returns made every year since 1916 ?

MR. McRUER: Yes.

25 MR. BRUNEAU: We have not got them all, as a matter of fact, ourselves. I have not been able to find one or two of the years. All the essential parts have been read into the record.

MR. McRUER: We cannot take the time to read through all these. The essential parts of them, but I want to get on the record exactly what returns this company did make each year in respect to this matter.

30 MR. BRUNEAU: Could we do this ? As soon as we are supplied with blank forms for the respective years

Very well, thank you, Mr. Elliott.

MR. MORRIS: My lord, before Mr. Branson is called

I ask him to produce their returns.

THE CHIEF JUSTICE: Certainly so when?

MR. MORRIS: To the Government, income tax returns

so that we may have them filed and I will have copies

made of them and return copies to my friend so that

he has them to work on.

MR. BRIDIE: I just have thirty days to prepare

the notice including the reasons why we dispute the

MR. MORRIS: That is not your own return?

MR. BRIDIE: I want to get the returns on the 10th

good.

MR. MORRIS: You have copies already, I think.

THE CHIEF JUSTICE: What do you want to get on the

MR. MORRIS: Yes.

MR. MORRIS: We have not got them all, as a

matter of fact, ourselves. I have not been able to

find one or two of the years. All the essential parts

have been read into the record.

MR. MORRIS: We cannot take the time to read

through all these. The essential parts of them, but

I want to get on the record exactly what returns this

year and make each year in respect to this matter.

MR. MORRIS: Could we do this? As soon as we

a true copy of our records will be filed at once without delay.

5 MR. McRUER: No, what I am going to do is you leave the returns with me and I will have copies made at once and sent to you.

THE COMMISSIONER: Mr. Bruneau says there are some years for which they have not the returns; is that right?

10 MR. BRUNEAU: There are one or two years for which I have not been able to find the returns.

MR. McRUER: If there are any missing we will forgive you.

15 MR. BRUNEAU: My lord, the assessment was sent out on the 6th of November and I don't want to keep the Department waiting unduly for our notice. I certainly would require to keep these before me.

20 THE COMMISSIONER: I don't understand the position. Mr. McRuer says he wants your yearly returns since the inception of this tax, 1916, and you say all right, except that for some few years we have not got them. Then, what has that got to do with what is going on now between you and the Department in regard to this claim?

25 MR. BRUNEAU: All I submit, my lord, is that I have to have these returns before me for the purpose of submitting my notice to the Department and the reasons why this claim is in dispute.

30 THE COMMISSIONER: You need these returns yourself just now?

MR. BRUNEAU: Yes, but under the reserve of the

110000

110000

a true copy of our records will be filed at once with
our delay.

THE COMMISSIONER: I am sorry to hear that
you are having trouble with your records and
that you are unable to produce them.

THE COMMISSIONER: I am sorry to hear that
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that you are unable to produce them.

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THE COMMISSIONER: I am sorry to hear that
you are having trouble with your records and
that you are unable to produce them.

objection I made I am prepared to file them with the Department if they will just send us copies --

THE COMMISSIONER: With the Commission.

MR. BRUNEAU: With the Commission, if they will just send us copies.

MR. McRUER: What I am perfectly willing to do is let the returns be put in now when Mr. Bruneau is here. I will let him take them away and I will give him copies of the forms and he can make copies and then send them back when he is through with them, just as long as I get them marked.

THE COMMISSIONER: You want them entered to-day as Exhibits ?

MR. McRUER: I want them entered to-day as exhibits, because we have been discussing this matter. I will take Mr. Bruneau's word ; he is going to take them away to-day and return them to us and I know they will be returned without change or anything.

MR. BRUNEAU: It is unnecessary to state that.

MR. McRUER: I say I have absolute confidence in it. I am not worrying about that.

MR. BRUNEAU: I must say I don't require your indirect compliments.

MR. McRUER: No, of course you don't.

THE COMMISSIONER: This is the Business Profits and Income Tax returns ?

MR. McRUER: Yes, my lord.

MR. BRUNEAU: Such as we have got.

THE COMMISSIONER: Can we not put them all in as one exhibit ?

objection I made I am prepared to file them with the
department if they will just send us copies --

MR. BRYDIE: With the Commission, it they will
just send us copies.

MR. BRYDIE: That I am perfectly willing to do
is just the return to get in now when Mr. Brydieu is
here. I will let him take them away and I will give

him copies of the forms and he can make copies and then
send them back when he is through with them, just as
long as I get them worked.

MR. COMMISSIONER: You want them returned to-day
as exhibits?

MR. BRYDIE: I want them returned to-day as exhibits
because we have been discussing this matter. I will

take Mr. Brydieu's word; he is going to take them
away to-day and return them to us and I know they will
be returned without change or anything.

MR. BRYDIE: It is unnecessary to state that.
I am not worrying about that.

MR. BRYDIE: I will not let it be a matter of
direct comparison.

MR. BRYDIE: Yes, my lord.

MR. COMMISSIONER: This is a business profits
tax return?

MR. BRYDIE: Yes, my lord.

MR. COMMISSIONER: Can we not put them all in
as one exhibit?

13234

MR. McRUER: Yes, I think so, my lord, as long as we see just what is here.

THE COMMISSIONER: If there are any years missing just let us know.

5 MR. BRUNEAU: Well, I have them here but I don't know what it is. You might know more about these things than I do.

MR. McRUER: Just let us start with the business profits and have them separate.

10 MR. BRUNEAU: Business profits, two years, the period ending 1918 and the period ending 1919.

MR. McRUER: Then, these will be marked, the returns under the Business Profits War Tax Act for the year ending the 31st of March, 1918 and the year
15 ending the 31st of March 1919.

THE COMMISSIONER: Mr. McRuer, there is no necessity of my staying here while you are putting these in, I have an engagement.

MR. McRUER: All right.

20 THE COMMISSIONER: The number of it is 1062. If there are any years missing let me know on Monday.

MR. McRUER: There is one other thing I want to file. That is the certificates of the management to the auditor, have you those?
25

MR. BRUNEAU: I have a certain number of statements as to the inventories and they are all in this form. "I hereby certify the above inventory is correct as to quantities and that prices are not above
30 the present market value".

THE COMMISSIONER: Not above present market value

as we see what is here.

The company: It there are any more about
just let us know.

Mr. Brydie: Well, I have been in no but I don't
know what it is. You might know about these
things from I see.

Mr. Brydie: Just let us start with the business
records and have them separate.

Mr. Brydie: Business records, two years, the
period ending 1918 and the period ending 1919.

Mr. Brydie: Then, these will be worked, the re-
cords under the business records for the last year
and one of the last of March 1918 and the year
ending the last of March 1919.

Mr. Brydie: Mr. Brydie, there is no re-
cords of my staying here while you are putting
these in, I have an engagement.

Mr. Brydie: All right.

Mr. Brydie: The number of it is 1933. It
there are any more records let me know on Monday.

Mr. Brydie: There is one other thing I want to
file. That is the certificates of the management to
the auditor, have you those?

Mr. Brydie: I have a number of records
and as for the management and the last of March
1918. I have the records for the period ending
the last of March 1918 and the last of March 1919.

that was true enough.

MR. McRUER: Who signed all these ?

MR. BRUNEAU: Mr. R. G. Tolmie signed all the ones I find in this book.

5 THE COMMISSIONER: Pardon me a moment; these certificates, one of which you have just read will be exhibit No. 1063.

MR. BRUNEAU: Well, I can tell you what statements they are made on. They are made on the summary
10 for each year. There is a summary and then follows the different mills.

THE COMMISSIONER: Mr. McRuer, I am giving No. 1062 for the Business Profits and Income Tax returns made by the company and 1063 for these certificates submitted to the auditor. Is there anything
15 else you are going to get?

MR. McRUER: No, I don't think so.

THE COMMISSIONER: Then, I will just leave you to work it out. We will adjourn to Monday at half past
20 ten.

MR. McRUER: Then, let us get these Income Tax returns.

MR. BRUNEAU: It is just the assessment.

MR. McRUER: We better have this in.
25

MR. BRUNEAU: I don't even know whether that is the final one.

MR. McRUER: There is a notice of assessment under the Business Profits War Tax Act dated the 30th of May,
30 1921.

MR. BRUNEAU: Then, there is that statement there.

SECRET

SECRET

...and ...

Q. Who signed all these?

A. Mr. ...: Mr. ... signed all the

ones I find in this book.

Q. This ...: ... as a ...; these are

... of which you have just read will be

... 1938.

A. ...: Well, I can tell you what ...

... they are made on. They are made on the ...

... year. There is a ... and then follows

the ...

Q. The ...: Mr. ... I am giving

... 1938 for the ... and ...

... by the ... and ... for ...

... admitted to the ... Is there anything

else you are going to get?

A. ...: ...

Q. ...: Then, I will just leave you to

... it out. He will return to ... at half past

...: ...

Q. ...: It is just the ...

A. ...: ... have this in.

...: ...

... is a notice of ...
... be ...

...: ...

MR McRUER: This is a statement of the Income Tax return under the Income Tax Act for the year ending 31st March, 1918.

5 SECRETARY WHITELEY: Get all those together and we will put them in for whatever years they have.

MR.McRUER: 1920 does not seem to be here.

MR. BRUNEAU: No, I do not find anything else.

SECRETARY WHITELEY: The first one was 1918.

MR.McRUER: This one is the 31st of March, 1921.

10 MR. BRUNEAU: Yes, that is right.

SECRETARY WHITELEY: What is the one preceding that ?

MR.McRUER: 31st of March, 1918.

15 MR. BRUNEAU: Then, 1922.

MR.McRUER: That is right.

MR.BRUNEAU: Then, 1923; I have some of them but I have not got all of them. The trouble is I don't know sometimes which are the final ones. The Govern-
20 ment have got two copies. In some cases we don't know, there are little pencil corrections. Would it not be better to get the Department to file a copy of the ones actually put in because we don't know, you see, if these were the final ones. You know how it
25 is. You have prepared these forms. You do it quite often in your own office, Mr. McRuér, and you make some changes on the original.

MR.McRUER: Then, may we take them subject to --

MR.BRUNEAU: Subject to our objection.

30 MR.McRUER: Subject to your general objection to the evidence. You suggest that we file a copy from the

MR. McNEIL: This is a statement of the income

Tax return under the Income Tax Act for the year

ending 31st March, 1918.

SECRETARY WHITELY: Got all those together and

we will put them in for whatever years they have.

MR. McNEIL: 1920 does not seem to be here.

MR. BRUNNAN: No, I do not find anything else.

SECRETARY WHITELY: The first one was 1918.

MR. McNEIL: This one is the 31st of March, 1921.

MR. BRUNNAN: Yes, that is right.

SECRETARY WHITELY: What is the one preceding

that?

MR. McNEIL: 31st of March, 1918.

MR. BRUNNAN: Then, 1922.

MR. McNEIL: That is right.

MR. BRUNNAN: Then, 1923; I have some of them but

I have not got all of them. The trouble is I don't

know sometimes which are the final ones. The Govern-

ment have got two copies. In some cases we don't

know, there are little pencil corrections. Would it

not be better to get the department to file a copy

of the ones actually put in because we don't know, you

see, if these were the final ones. You know how it

is. You have prepared these forms. You do it quite

often in your own office, Mr. McNeil, and you make

some changes on the original.

MR. McNEIL: Then, may we take them subject to --

MR. BRUNNAN: Subject to our objection.

MR. McNEIL: Subject to your general objection to

the system. You suggest that we file a copy from the

Department.

SECRETARY WHITLEY: That will require that your firm give us permission.

MR. BRUNEAU: Then, they would be as filed, at any rate, because we don't know.

MR. McRUER: I can easily see in going over them there may be changes.

MR. BRUNEAU: I would not like to certify to these

MR. McRUER: That they are true copies of what was filed ; I can understand that so what I suggest is that for to-day we leave it and see if we cannot procure copies from the Department.

SECRETARY WHITLEY: That can be done only with the permission of the Company.

MR. BRUNEAU: I think I can obtain that, subject to the ruling of the Court. They have already given all the evidence, stated all this in evidence.

MR. McRUER: Well, reserving your objection.

MR. BRUNEAU: Under the reserve of the objection as to its admissability. I think that would be really more satisfactory.

MR. McRUER: It would be more satisfactory all around because then it would be a correct record.

-- The Commission adjourned at 1:20 P.M. to resume at 10:30 A.M. Monday, November 23, 1936.

Department.

SEON TAY : I think that will require that you

the day of the meeting.

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the day of the meeting.

MR. BRYDIE : I can easily see in going over them

there may be changes.

MR. BRYDIE : I would not like to certify to these

MR. BRYDIE : That they are true copies of what was

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procure copies from the Department.

MR. BRYDIE : That can be done only with

the permission of the Company.

MR. BRYDIE : I think I am going to, unless

to the ruling of the Court. They have already given

All the evidence, stated all this in evidence.

MR. BRYDIE : I think that will be really

MR. BRYDIE : Under the reserve of the objection

as to its admissibility. I think that will be really

MR. BRYDIE : It would be more satisfactory all

ground because then it would be a correct record.

-- The Commission adjourned at 1:23 P.M. to

resume at 10:30 A.M. Monday, November 28, 1922.

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

5

A.S. Whiteley, Secretary,

10

NINETY-SEVENTH DAY

15

(November 23, 1936)

20

25

30

Robert Brydie,
Official Reporter.

(1957)

WILLIAM DUNCAN, JR. & CO. CHARTERED ACCOUNTANTS

WILLIAM DUNCAN, JR. & CO. CHARTERED ACCOUNTANTS

Commissioner,

2

WILLIAM DUNCAN, JR. & CO. CHARTERED ACCOUNTANTS

10

NINETY-SEVENTH DAY

(November 28, 1958)

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WILLIAM DUNCAN, JR. & CO. CHARTERED ACCOUNTANTS

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

5

A.S. Whiteley, Secretary,

10

A p p e a r a n c e s :

J.C. McRuer, K.C.)

and

Commission Counsel,

E. Beauregard, K.C.)

J.P. Lanctot, K.C.)

and

For Special Committee
on Primary Textile
Industries.

R.L. Kellock, K.C.)

15

C.G. Heward, K.C.)

Aime Geoffrion, K.C.)

and

For Dominion Textile
Company.

C.T. Ballantyne,)

S.G. Dixon, K.C.)

For Courtaulds Limited,

L.A. Forsyth, K.C.)

For Canadian Celanese
Limited, and Canadian
Silk Products Limited.

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POST OFFICES IN THE DISTRICT OF COLUMBIA

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Ottawa, Ontario,
Monday, November 23, 1936.

-- The Commission resumed at 10:30 A.M.

E. J. HOWSON Recalled.

THE COMMISSIONER: Are you putting Mr. Howson in the box again ?

MR. McRUER: Yes, my lord. Now, if you will look at Exhibit 1017, please, Mr. Howson; that is the financial summaries of the Woollens division, and turn to the sheet dealing with operating ratios --

THE COMMISSIONER: With what ?

MR. McRUER: Operating ratios, my lord; it is a long sheet about in the centre of the Exhibit.

MR. KELLOCK: Page 8.

THE COMMISSIONER: My copy is not paged. What is the question now ?

BY MR. McRUER: Q. I am just drawing Mr. Howson's attention to this sheet. This contains a list of all the companies that reported ?

A. Yes sir.

Q. In the woollens division, and you have put down here the percentage of sales to total sales first, that is, the percentage of sales of the individual company to the total sales of all companies ?

A. Of all companies included in here.

Q. Then, the next is the percentage of gross profit before depreciation to sales ?

A. Yes.

Q. And the next the percentage of total net profit to sales ?

A. Yes.

MR. KELLOCK: That last figure is before bond

Ottawa, Ontario,
Monday, November 22, 1932.

-- The Commission resumed at 10:30 A.M.

THE COMMISSIONER: Are you putting Mr. Hanson
on the stand?

MR. HANSON: Yes, my lord. Now, if you will look
at Exhibit 1017, please, Mr. Hanson; that is the fi-
nancial summaries of the woollens division, and then
be the sheet dealing with operating ratios --

THE COMMISSIONER: With what?
MR. HANSON: Operating ratios, my lord; it is a
sheet which is in the binder of the exhibit.

MR. HANSON: My copy is not passed. What
is the question now?

BY MR. HANSON: I am just drawing Mr. Hanson's
attention to this sheet. This contains a list of all
the companies that reported? A. Yes sir.

.. In the woollens division, and you have put
down here the percentage of sales to total sales
first, that is, the percentage of sales of the indi-
vidual company to the total sales of all companies?
.. of all companies included in here.

.. Then, the next is the percentage of gross
sales before deduction of sales?
.. and the next is the percentage of net sales?
.. Yes.
MR. HANSON: That is the last sheet in the binder.

interest and income tax ?

MR. McRUER: I was just going to bring that out.
That is before bond interest and bank interest, is it,
Mr. Howson ? A. Yes sir.

5 MR. KELLOCK: And Income Tax .

MR. McRUER: Yes; now, I just want to compare some
of these companies over the period of ten years . The
Brook Woollen Company of Simcoe -- I think we have
dealt with that in an individual statement. In re-
10 ference to the percentage of net profit to sales --

THE COMMISSIONER: That is the first column ?

MR. McRUER: No, that is the third column.

THE COMMISSIONER: Give me that again; what is
15 the first column ?

MR. McRUER: The first column is percentage of
sales to total sales.

THE COMMISSIONER: Percentage of what ?

MR. McRUER: Percentage of their sales to the
20 total sales of all companies.

THE COMMISSIONER: That is one.

MR. McRUER: Two is the percentage of gross
profit before depreciation to sales.

THE COMMISSIONER: It is before depreciation.

25 MR. McRUER: Yes; the third is the percentage of
net profit to sales before bond interest, bank in-
terest and income taxes.

BY MR. KELLOCK: Q. I rather think that bank
interest has been taken off from that figure, hasn't
30 it, Mr. Howson ? A. I would have to check
that up with the individual companies to make sure.

interest and income tax?

Mr. Howson? Yes sir.

Mr. Howson: And income tax.

of these companies over the period of ten years. The
Brook Noeller company of course -- I think we have
dealt with that in an individual statement. In re-
ference to the percentage of net profit to sales --

THE COMMISSIONER: What is the first column?

MR. HOWSON: No, that is the third column.

THE COMMISSIONER: Give me that again; what is

the first column?

MR. HOWSON: The first column is percentage of

sales to total sales.

THE COMMISSIONER: Percentage of what?

MR. HOWSON: Percentage of their sales to the

total sales of all companies.

THE COMMISSIONER: That is one.

MR. HOWSON: Two is the percentage of gross

THE COMMISSIONER: It is before depreciation.

MR. HOWSON: Yes; the third is the percentage of

net profit to sales before bond interest, bank in-

interest has been taken off from that figure, bank's

A. I would have to check

with the individual companies to make sure.

MR. McRUER: Let us take the woollen statement right now.

THE WITNESS: Not according to the wording.

BY THE COMMISSIONER: Q. Then, the third column is percentage of net profits to sales before bond interest and Income Tax ? A. Before bond interest and income tax, anyway.

MR. McRUER: Here is the Brook Woollen statement, exhibit 1003; just make a comparison.

THE COMMISSIONER: I see now all that is written at the foot of the page.

THE WITNESS: No, it is before bank interest.

BY MR. KELLOCK: Q. It is before bank interest ? A. Yes.

Q. Because on page 2 of Exhibit 1017 what you call there total net profit is after bank interest ?

A. That is the total net revenue after taking in the bank interest.

BY THE COMMISSIONER: Q. You say total net revenue or profit ? A. That is the total net revenue.

Q. What is, the third column ? A. The third column, after taking in the interest on outside investments and charging up interest on the bank loans but before Income Tax.

BY MR. McRUER: Q. And charging interest on bank loans ? A. Yes.

BY THE COMMISSIONER: Q. Before income tax and bond interest ? A. There is no bond interest in that company.

MR. MORRIS: Let us take the woolen statement

right now.

THE WITNESS: Not according to the working.

BY THE COMMISSIONER: Then, the third column

is percentage of net profits to sales before bond

interest and income tax, anyway.

MR. MORRIS: Here is the Brock Woolen statement

exhibit 1005; just make a comparison.

THE COMMISSIONER: I see now all that is written

at the foot of the page.

THE WITNESS: No, it is before bank interest.

BY MR. KILLOCK: It is before bank interest.

A. Yes.

A. Because on page 2 of exhibit 1017 what you

there total net profit is after bank interest?

A. That is the total net revenue after taking in the

bank interest.

BY THE COMMISSIONER: You say total net revenue

net or profit?

venue.

A. What is, the third column?

column, after taking in the interest on outside investments

and charging up interest on the bank loans.

BY MR. MORRIS: And charging interest on bank

A. Yes.

OF THE COMMISSIONER: Before income tax and

A. There is no bond interest in

Q. But in the column though, if there is bond interest -- A. I will just check up on one that has bond interest.

BY MR. KELLOCK: Q. And the same with page 2, isn't it, Mr. Howson? A. Pardon?

Q. It would be the same with page 2, wouldn't it, of 1017? A. Yes.

BY THE COMMISSIONER: Q. It is this figure here that produces this percentage? A. Yes.

Q. It is before bond interest and income tax but after bank interest?

BY MR. McRUER: Q. Now, there are just one or two companies I wish to refer to on this sheet; one is Hield Brothers at Kingston. We had some evidence about their selling methods and so on, and we had evidence that in 1934 they wrote to their home company expressing some gratitude that they were relieved of certain obligations in regard to the Association and their manner of selling, and that they could now keep their looms busy. Now, in the year 1934 their net profit to sales was what, on sales? A. 1934 they had a loss.

Q. Of how much? A. 5.5 per cent.

Q. 1935? A. They had a profit of 5.8 per cent.

THE COMMISSIONER: Just a minute -- yes, I have the right column.

BY MR. McRUER: Q. In 1933 what was the result of their business? A. They had a profit of 10.3 per cent.

But in the column though, it there is bond

interest -- A. I will just check up on one that

and then interest.

BY MR. BRIDGE: A. And the same with page 8, is

it, Mr. Howman? A. Yes.

A. It would be the same with page 8, wouldn't it?

Yes, it would.

BY MR. BRIDGE: A. It is this figure for

that interest with interest?

A. It is before bond interest and income tax but

after bank interest?

BY MR. BRIDGE: A. Now, there are just one or two

companies I wish to refer to on this sheet; one is

Hild Brothers at Kingston. We had some evidence on

their selling methods and so on, and we had evidence

that in 1934 they wrote to their home company expressing

some gratitude that they were relieved of certain obli-

gations in regard to the Association and their members

of selling, and that they could now keep their books

busy. Now, in the year 1934 their net profit to sales

was what, on sales?

A. 1934 the

had a loss.

A. Of how much?

A. 5.5 per cent.

A. They had a profit of 5.5

per cent.

BY MR. BRIDGE: A. Just a minute -- yes, I have

it.

BY MR. BRIDGE: A. In 1935 what was the result of

it? A. They had a profit of 10.

BY MR. BRIDGE:

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Q. 1932 ? A. A loss of 5.5.

Q. 1931 ? A. 1931 was the first period.

It was a broken period and they showed a loss of 33.6 per cent.

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Q. That was the period in which they were getting started ? A. Yes, apparently.

Q. Do you know what was the end of their calendar year ? A. March 31st; 1935 would be March 31st, 1936 in this column.

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Q. What I want to get at is the year you show here as 1935 would be the year ending March 31st, 1936 ? A. Yes.

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BY MR. KELLOCK: Q. In the case of all these companies ? A. Yes, I think so, Mr. Kellock.

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BY MR. McRUER: Q. Then, another company, Leach Textile; we heard something about them. I want to see if they sold at a loss over their period. They apparently come in first in 1932 with a profit of 1.5 per cent; that is right, isn't it ? A. 1932, yes.

Q. 1933 ? A. 3.9 per cent.

Q. 1934 ? A. 4.30 loss.

Q. 1935 ? A. A profit of 2.2.

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Q. Now, there is a company here, Patons & Baldwins, they seem to show very high profits, in 1935 25.8 per cent, 1934 25.9 per cent, 1933 25.4 per cent; 1932 24.8 per cent. Can you tell me whether there is anything peculiar to their business --

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THE COMMISSIONER: What company is it ?

MR. McRUER: Patons & Baldwins Limited, my lord.

A. I don't know of anything peculiar about it. They

cent; that is right, isn't it?

Now, there is a company here, Parsons & Belmont.

are a branch of an English company.

SECRETARY WHITELEY: They make a good deal of balled yarn.

MR. KELLOCK: They make yarn only, I am told.

THE WITNESS: Have you got the exhibit there, the questionnaire ?

MR. McRUER: Whatever they do it seems to be all right. Now, take in the year 1935 -- A. Type of product, worsted yarns.

Q. I see; you say it is a branch of an English concern. A. Yes, they say "No capital stock of any kind", although it is an incorporated company, "No capital stock of any kind. This branch operated on money advanced by our head office in England. In other words our head office account in ledger represents our capital".

Q. Very well; take the operations of the year 1935. I count 31 companies reporting, and there seems to be seven of them that show losses and the remainder show profits ranging all the way up to the highest in the Patons & Baldwins instance. I think they are the highest for the year with 25.8 per cent ?

A. Yes.

Q. The next one appears to be Brook Woollens at 18.7 per cent. I think that is all I want to take up on that statement. We will go now to the second division, so to speak, of this exhibit. You have for the purpose of your calculations here excluded Dominion Woollens and Worstedes from the statements, from the summaries ?

A. Yes.

THEY MAKE A GOOD DEAL OF

THEY MAKE THEM ONLY, I AM TOLD.

THEY HAVE YOU GOT AN ACCOUNT THERE?

QUESTIONS?

THEY HAVE THEY DO IT SEEMS TO BE IN

RIGHT. NOW, TAKE IN THE YEAR 1955 --

PRODUCT, WORSTED YARNS.

.. I SEE; YOU SAY IT IS A BRANCH OF AN ENGLISH

CONCERN. YES, THEY SAY "NO CAPITAL STOCK

OF ANY KIND", ALTHOUGH IT IS AN INCORPORATED COMPANY

"THE ORIGINAL STOCK OF THE FIRM. THIS BRANCH OPERATES

ON MONEY AND USED BY OUR HEAD OFFICE IN ENGLAND. IN

OTHER WORDS OUR HEAD OFFICE ACCOUNT IN LONDON REPRESENTS

THESE TWO COMPANIES.

.. VERY WELL; TAKE THE OPERATIONS OF THE YEAR

1955. I COUNT 31 COMPANIES REPORTING, AND THERE

SEEMS TO BE SEVEN OF THEM THAT SHOW LOSSES AND THE

REMAINDER SHOW PROFITS RANGING ALL THE WAY UP TO THE

HIGHEST IN THE FIRM'S HISTORY. I THINK

ARE THE HIGHEST FOR THE YEAR WITH 25.8 PER CENT?

.. YES.

.. THE NEXT ONE APPEARS TO BE THREE MILLIONS AT

15.7 PER CENT. I THINK THAT IS ALL I WANT TO ASK YOU

THAT STATEMENT. WE WILL GO NOW TO THE SECOND DIVISION

AND, AS TO SPEAK, OF THIS EXHIBIT. YOU HAVE FOR THE

REASON OF YOUR EXHIBITING THIS EXHIBIT

THESE TWO COMPANIES FOR THE YEAR 1955

THESE TWO COMPANIES

Q. So with the next one --

BY THE COMMISSIONER: Q. Pardon me a moment; is that true of the page we were just at ? A. No sir.

Q. That includes Dominion ? A. Yes sir, it is listed there.

BY MR. McRUER: Q. The next four sheets in this exhibit deal with summaries of the remaining thirty-one companies with the Dominion Woollens and Worstedes excluded ? A. Yes sir.

Q. It is the remaining thirty companies, taking out this one large merger concerning which we had some evidence and then -- well, it isn't exactly thirty. It is twenty-seven in 1935. The first exhibit headed "Comparative balance sheet summaries" excluding Dominion Woollens and Worstedes Limited shows for 1926 there were 18 companies, 1927 18; 1928, 19; 1929, 20; 1930, 20; 1931, 24; 1932, 26; 1933, 26; 1934, 27; 1935, 27 ? A. Yes.

Q. I believe you also excluded those two companies that have specialties, Ayres and Kenwoods ? A. Yes, they are treated in a group by themselves.

Q. They are treated in a group by themselves; they showed very high profits.

THE COMMISSIONER: Which are they ?

MR. McRUER: Ayres Limited and Kenwoods. They showed profits much higher than the ordinary run of the companies and you treated it as if that was attributable to their specialty lines ? A. Yes.

Q. Then, I do not intend to dwell on that first sheet in this second division, but I wish to go to the

profit and loss and surplus summary. Now, over the period from 1926 to 1935 these companies all appear to have shown, or rather not all, there appears to be a net profit from operations in relation to capital employed in the industry during each year --

BY MR. KELLOCK: Q. That net profit is before bank interest, bond interest and income taxes, is it not? A. No.

BY THE COMMISSIONER: Q. What page? A. This next page over.

MR. McRUER: The foot of the page? A. Are you speaking now, Mr. McRuer, of the total net profit figures up above?

Q. Yes?

MR. KELLOCK: I thought you were dealing with the percentages at the foot.

MR. McRUER: I am dealing with the percentage at the foot. The ratio of net profits from operations to capital employed in the industry as adjusted by --

A. That is before miscellaneous income but after bank loans.

BY THE COMMISSIONER: Q. You say it is before what? and after what? A. It is before any miscellaneous income but after deducting interest on bank loans. That wording agrees with the net profit from operations above, that is after deducting interest on bank loans, and the ratio of net profit from operations to capital employed apparently refers to the same figure.

BY MR. McRUER: Q. I do not quite understand that,

profit and loss and surplus annually. Now, over the
years shown, or rather not all, there appears to be
net profit from operations in relation to capital
employed in the industry during each year --

MY MR. WATSON: What net profit is before
bank interest, some interest and income taxes, is
not? A. No.

MY THE COMMISSIONER: What page? A. Page
next page over.

MR. MORSE: The foot of the page?
seeking now, Mr. Morner, of the total net profit of
the page?

MR. KALISH: I thought you were dealing with the
percentage of the foot.

MR. MORSE: I am dealing with the percentage
the foot. The ratio of net profit to operations
capital employed in the industry as adjusted by
that is before miscellaneous income but after
income.

What? and after what? A. It is before any
miscellaneous income but after deducting interest on
debt, that is, interest on bonds and notes, and
other items, that is, that is, that is, that is,
and items, and the ratio of net profit to operations
capital employed in the industry as adjusted by
that is before miscellaneous income but after
income.

Mr. Howson. The 5.3 at the foot of the page --

A. No, that is on sales, that percentage is on sales, that 3.5. The 5.3 is an entirely different percentage.

Q. Yes, but that is before bank loans, is it?

5 A. No, that is after bank loans, after interest on loans.

- Q. Is it before bond interest or after? A. It is before bond interest and income taxes.

10 Q. But it includes outside investments? A. No, it does not include outside investments.

Q. Does not include outside investments? A. No.

Q. Then, the figure just above that, 4.8 for 1926; what is that? A. That is the capital employed before adjustments for appraisal write-up.

15 Q. Pardon -- oh, I see, that is before making adjustments for -- A. Appraisal write-up.

Q. Appraisals or inflation of one sort and another. Well, have we a figure that shows the result after bond interest? A. No.

MR. KELLOCK: Not in any case.

20 BY MR. McRUER: Q. Well, apparently the surplus in free reserve in these companies increased between 1926 and 1935, made a net increase of about \$1,260,000. ?

25 A. Well, of course that includes new companies coming in there.

Q. Oh, I see, there may have been new companies?

30 A. At least, there are companies in the latter years that are not in the former years.

Q. I know, but the surplus is a surplus from

Mr. Howson. The 5.8 at the foot of the page --

A. No, that is on sales, that percentage is on sales

that 5.8. The 5.8 is an entirely different person

A. Yes, but that is before bank loans, is it?

A. Yes, but that is before bank loans, is it?

loans.

A. Is it before bond interest or after? A.

is before bond interest and income taxes.

A. But it includes outside investments? A.

it does not include outside investments.

A. Does not include outside investments? A.

A. Then, the figure that above that, 4.8 for

1950; what is that? A. That is the combined

employee before adjustments for appraisal write-up.

A. Before -- oh, I see, that is before making

adjustments for --

write-up.

A. Well, have we a figure that shows the result after

that adjustment?

A. Yes.

A. Well, that is all right.

A. Well, that is all right.

in free reserve in these companies increased between

1950 and 1955, made a net increase of about \$1,200,000.

A. Well, of course that includes the companies that

are listed.

A. Oh, I see, there may have been new companies

that have been added in the latter years.

A. Yes, but that is all right.

free reserves and earnings whether they are new or old companies ? A. Yes.

5 Q. Whether new companies came in or not, the build-up in the industry in these 27 companies is a net gain in the surplus account ? A. Yes, but what I meant was that figure of \$1,180,000. in 1926 is not comparable with the figure in 1935. 1935 includes more companies than 1926 does.

10 A. Well, it includes more companies but whether there is more companies or not the earned surplus is earned surplus out of profits ? A. Oh yes.

Q. They do not make a surplus out of losses ? A. No, that is quite true.

15 Q. Whether there are two companies to one, or whatever there is, the net result is in the whole cross section of the industry between 1926 and 1935 there is a net increase of \$1,200,000. in earned surplus ? A. Yes.

20 A. Now, we come next to the next sheet which you call representative companies, and these companies, apparently, have in round figures about 50 per cent of the business of the companies reporting ? A. Yes; that is, of course, after excluding Dominion Woollens.

25 Q. Oh yes, quite; these are representative companies of the remaining 27 companies, or whatever they may be ? A. Yes, but that would represent considerably more than 50 per cent of the business handled by the remaining 27 companies.

30 Q. They represent 52 per cent of the whole business including Dominion Woollens ? A. Yes.

...and earnings whether they are new

A. Yes.

...or how companies come in or not.

build-up in the industry in these 27 companies

net gain in the surplus account?

A. Yes, what I meant was that figure of \$1,180,000.

is not comparable with the figure in 1955, 1956

shows more companies than 1956 does.

A. Well, it includes more companies but

there is more companies or not the earned surplus

earned surplus out of profits?

A. Yes, they do not make a surplus out of losses

A. No, that is quite true.

Whether there are two companies to one,

whatever there is, the net result is in the whole

cross section of the industry between 1955 and 1956

there is a net increase of \$1,200,000. In 1955

plus? A. Yes.

A. Now, we come next to the next sheet which

call representative companies, and these companies

apparently, have in round figures about 50 per cent

of the business of the companies reporting?

that is, of course, after excluding Dominion / 100

A. Oh yes, quite; these are representative

panies of the remaining 27 companies, or whatever

may be? A. Yes, but that would represent certain

ably more than 50 per cent of the business handled

by the remaining 27 companies.

A. They represent the rest of the industry

some further companies included?

A. Yes.

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Q. I see, so that we may take it they represent in 1935 52.8 per cent of the whole of the woollen business as far as you have had reports? A. As far as this group of companies is concerned.

5 Q. That is, the reporting companies? A. Yes, leaving out Kenwood and Ayres.

Q. And leaving out Kenwood and Ayres? A. Yes.

Q. Well, I don't think we need to dwell on this. Then, the profit and loss summary is on the next page. You show at the foot of the page sales for all companies, the sales of these representative companies, and the percentage that these representative companies bear to all companies? A. Yes sir.

15 Q. You show the ratio of net profits from operations to capital employed and in 1935 it seems to be 10.7 per cent.

MR. KELLOCK: That is before bond interest and income taxes?

20 BY MR. McRUER: Q. That is before bond interest and income taxes; that is correct, isn't it, Mr. Howson? A. Yes.

25 Q. I suppose there is no fairer way of making the comparison than taking it before bond interest and income taxes because if one company operates on preferred stock and the other on bond interest it would be hard to compare the operations of these two companies? A. Yes.

30 BY MR. KELLOCK: Q. You could take out both? A. Pardon?

Q. You could take out both bond interest and

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I see, so that we may have it they report
in 1955 52.9 per cent of the whole of the woolen
business as far as you have had reports?
for as this type of companies is concerned.
That is, the reporting companies?
leaving out Kennedys and Yates.
and leaving out Kennedys and Yates?
Well, I don't think we need to dwell on that.
Then, the profit and loss summary is on the next page.
You show at the foot of the page sales for all companies,
the sales of these representative companies,
the percentage that these representative companies
bear to all companies?
A. Yes sir.
You show the ratio of that to a firm operating
in the woolen industry and in 1955 it seems to
be 10.5 per cent.
Q. Now, that is before bond interest and
income taxes?
BY MR. BRYDIE: That is before bond interest
and income taxes; that is correct, isn't it, Mr.
Brydie?
A. Yes.
I suppose there is no further way of making
the comparison between the woolen and the textile
industries because if one company operates on a
term of stock and the other on bond interest it would
be hard to compare the operations of these two
industries.
BY MR. BRYDIE: You would take out both?
A. Yes, I would take out both interest and

preferred dividends ? A. Well, we are eliminating both . These figures are before --

Q. Yes, but you don't give the figure after eliminating them ? A. No.

5 BY MR. McRUER: Q. This last sheet deals, or the second last sheet, rather, deals with representative companies in the woollen division and the last sheet is a summary of operations of these representative companies ? A. Yes.

10 Q. And I see the total net profit in the ten years was \$5,709,783.66.

THE COMMISSIONER: In the last period ?

15 MR. McRUER: Yes, my lord. Then, you show what was applied for bond interest and you show what was applied for income taxes. Evidently bond interest isn't such a big item ? A. Not in these woollen companies.

20 MR. KELLOCK: That is these representative companies.

MR. McRUER: Yes; it was quite an item, I grant you, with the Dominion Woollens and Worstedes.

MR. KELLOCK: And some of the others .

25 BY MR. McRUER: Q. Then, you show how that is applied on dividends on preferred stock and common stock, and then carried into surplus account \$2,570,000. Now, I have a note on my book that the capital at the beginning of the period was \$8,224,000. with these representative companies. I wonder where that comes from ? A. That comes from the sheet before.

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A. Well, we are of
These figures are before --
Yes, but you don't give the figures after
removing them?
No.
By Mr. McNEIL: Is the last sheet blank, or
has it last sheet, now, again with representative
company in the woolen division and the last sheet
is a summary of operations of these representative
companies?
And I see the total net profit in the ten
years was \$3,762,783.66.
THE CHAIRMAN: In the last period?
MR. McNEIL: Yes, my lord. Then, you show what
was applied for bond interest and you show what was
applied for income taxes. Potentially bond interest
isn't such a big item?
A. Not in
MR. McNEIL: That is these representative com-
panies.
THE CHAIRMAN: Now, I want to ask you, I want
you, with the Dominion Woolens and Worsters.
MR. McNEIL: And some of the others.
BY MR. McNEIL: Then, you show how that is
applied on dividends on preferred stock and common
stock, and then carried into surplus account
\$1,570,000. Now, I have a note on my back that the
capital at the beginning of the period was \$2,124,000
with these representative companies. I wonder what

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Q. Oh yes, in 1926; then, I also have a note, apparently, no new capital brought in? A. Well, you see the capital at the end of the period is \$10,671,092.

Q. Yes? A. And add the amount --

5 Q. Add the accumulated surplus in the meantime and it comes up to about that figure? A. Yes.

Q. So there is apparently very little, if any, new capital that was brought in by way of subscriptions for stocks or anything of that sort. Now, the surplus carried forward was \$2,570,000. and the earned surplus at the beginning of the year, or the beginning of the ten-year period was -- A. We haven't got the amount at the beginning. It would be at the end of the first year.

15 Q. What was it? Just give me the figure?

A. \$1,186,338.

Q. All right, and in the years 1932 to 1935 inclusive the net profits from operations to adjusted capital employed appears to have been 5.2 per cent, 5.2 per cent, 9 per cent, 7 per cent and 10.7 per cent respectively? A. Yes sir.

20 Q. That is shown on the previous page. All right, I think that is all, Mr. Kellock, in the woollens.

25 CROSS EXAMINED BY MR. KELLOCK:

Q. Mr. Howson, on page 11, that is the second-last page of this exhibit, you show in the first line total capital investment in 1926? A. Yes.

30 Q. And in 1935; then, you told my friend that by some calculation you were able to say no new capital

Howson

Q. On yes, in 1925; then, I also have a note.
A. Well, apparently, no new capital brought in?
Q. See the capital at the end of the period is \$10,000.
A. Yes? And add the amount --
Q. Add the accumulated surplus in the meantime
it comes up to about that figure?
A. Yes.
Q. So there is apparently very little, is there,
capital that was brought in by way of subscriptions
stocks or anything of that sort. Now, the surplus
and forward was \$2,570,000, and the surplus
at the beginning of the year, or the beginning of the
ten-year period was --
Q. We haven't
got the amount at the beginning. It would be at the
end of the first year.
Q. What was it? Just give me the figure?
A. \$1,186,338.
Q. All right, and in the years 1925 to 1935 in-
crease the capital employed appears to have been 5.8 per cent,
0.2 per cent, 9 per cent, 7 per cent and 10.7 per cent.
Q. That is shown on the previous page. All right.
Q. That is all, Mr. Bryce, is that correct?
Q. Yes, Mr. Howson, on page 11, that is the second
last page of this exhibit, you show in the first line
total capital investment in 1925.
Q. Yes.
Q. Some calculation you were able to say no new capital

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was introduced in that period in connection with the companies dealt with on the page. What is that calculation ?

A. It is the total of the eight million plus the accumulated surplus.

5 Q. I tried to do it but I could not do it. Are you referring to page 8 of this exhibit ? A. The last page.

Q. No, to get the surplus figure do you go to page 8 ? A. No, I was just making the calculation from the last sheet.

10 Q. It is all on the last sheet and on the second last sheet ? A. I was using the second last sheet and the last sheet to make the calculation. It does not agree exactly. There may be some adjustments.

15 Q. In other words, you add to the \$8,224,865. on page 11 the balance carried to surplus on page 12 of \$2,570,655. which is \$10,795,520.; that does not give it to you ? A. No, there may be some adjustments in surplus account.

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Page 13255 follows

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was introduced in that period in connection with the
companies dealt with on the page. What is that cal-
culation? A. It is the total of the eight

million plus the accumulated surplus.
.. I tried to do it but I could not do it. Are
you referring to page 8 of this exhibit?

last page.
.. No, to get the surplus figure do you go to
page 8? A. No, I was just making the calcu-

lation from the last sheet.
.. It is all on the last sheet and on the second
last sheet? A. I was using the second

last sheet and the last sheet to make the calculation.
It does not agree exactly. There may be some adjust-
ments.

.. In other words, you add to the \$8,224,885.00
the \$2,570,625.00 which is \$10,795,510.00; that does not

it to you? A. No, there may be some
adjustments in surplus account.

THE END

Q. What sort of adjustments? A. I shall have to check up to find out.

Q. There might be capital adjustments, losses and so on? A. They might have written something off or made some various adjustments that do not appear under operations. I would have to check up the individual accounts to find out.

Q. Are you able to say from those two figures that no new capital was introduced in the period? A. Not by reference to those figures alone.

Q. These companies that you call representative companies are, I suppose, the most prosperous in this branch of the industry? A. Well, they are prosperous companies, yes.

Q. How many have you in the group? Can you give me the names of them? A. I have that list, I was looking for it a moment ago, but I have not been able to locate it yet.

MR. McRU R: There are thirteen in 1935.

BY MR. KELLOCK: Q. You will get that list of companies, will you, Mr. Howson? A. Yes.

Q. Now turning to page 8 --

THE COMMISSIONER: What is the number of the last page?

MR. KELLOCK: The last page, my lord, is page 12. Page 8 is Profit and Loss and Surplus Summaries.

THE WITNESS: That is the one excluding Dominion Woollens.

BY THE COMMISSIONER: Q. Dominion Woollens is

Q. What sort of adjustments? A. I shall have to check up to find out.

Q. There might be capital adjustments, losses and so on? A. They might have written some thing off or made some various adjustments that do not appear under operations. I would have to check up the individual accounts to find out.

Q. Are you able to say from those two figures that no new capital was introduced in the period? A. Not by reference to those figures alone.

Q. These companies that you call non-associative companies are, I suppose, the most prosperous in the branch of the industry? A. Well, they are prosperous companies, yes.

Q. How many have you in the group? Can you give me the names of them? A. I have that list, I was looking for it a moment ago, but I have not been able to locate it yet.

MR. MORTIMER: There are fifteen in 1935.

MR. MORTIMER: Q. You will get that list of companies, will you, Mr. MORTIMER?

Q. Now turning to page 8 --

THE COMMISSIONER: What is the number of the last page?

MR. MORTIMER: The last page, my lord, is page 8 in Profit and Loss and Surplus Statement.

THE WITNESS: That is the one excluding Dominion

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Howson

not among your representative companies?

A. No, sir.

5 BY MR. KELLOCK: Q. You were pointing out to my friend that in 1926 the statement includes eighteen companies, and in 1935 it includes twenty-seven companies, and you agreed with my friend that as between those years there was an increase in surplus and free reserves for the industry, as my friend put it. But is that necessarily so, Mr. Howson, or may there have been companies existing in 1926 that did not report to you that year?

10 A. I was referring to the companies that were included in this group.

15 Q. Yes, and there may have been companies existing in those earlier years that did not report to you, that perhaps for good reason have disappeared altogether. A. Maybe.

20 Q. It would not be correct to say that there was an increase in reserves in the industry?

A. I could not speak as to the industry as a whole. My answer is limited to the companies that are included in this group.

25 Q. Yes. Have you now the list of the companies? A. Yes. The list of representa-

tive companies consisted of: Bates & Innis;

Brook Woollens, Barrymore Cloth Company,

Campbellford Cloth, Hield Brothers, Paris Wincey Mills, Paton Manufacturing Company, Paton &

30 Baldwins, Porritts & Spencer, Renfrew Woollen

Mills, Rosamond Woollen Mills, George Pattinson

Company, York Knitting Mills.

5 Q. In answer to His Lordship's question as to whether there were any that had losses, you show that Bates & Innis and the Barrymore Cloth Company had losses in 1934 and 1935. Had all the others a profit? A. Hield Bros. have lost during the period.

10 BY MR. McRUER: Q. What period? A. During the period which this covers.

15 Q. The ten years? A. The ten-year period, yes. Campbellford had losses during the period. In other words, this list was not picked out because the companies made profits but because they were representative companies that appeared to have a substantial slice of the business in the woollen trade.

Q. And appeared to have been well managed.

20 BY MR. KELLOCK: Q. If that was the guiding principle why eliminate Dominion Woollens, because they have the biggest slice of the business?

25 A. I thought I explained before that we eliminated Dominion Woollens from this list because Dominion Woollens had such an outstanding history that it would distort the picture of the woollen industry.

Q. If the guiding principle in selecting your representative companies was the proportion of the business which they had --

30 MR. McRUER: He did not say that. That was one of the guiding principles.

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Howson

BY MR. KELLOCK: Q. What were the others?

A. Because they appeared to be substantial companies and representative of the industry.

Q. That is just repeating your wording.

The only reason you have told me for taking this group is the amount of business they did. Is there any other reason?

A. I have told you we eliminated Dominion Woollens for a particular reason.

Q. That is all, is it? A. Yes.

Q. That covers your full reason for selecting this group? A. Yes.

Q. Now I just want to go back to this page 8 where we were dealing with the increase in surplus and free reserves as between 1926 and 1935. Are Hield Bros. and Paton & Baldwins included in this page 8? I suppose they necessarily are?

A. Yes.

Q. Those two companies are new companies since 1926, are they not? A. Yes.

Q. Well, Mr. Howson, on page 6 of this Exhibit that deals with operating ratios, you told His Lordship in answer to a question that the last column headed "1935" is designed to cover the period ending March 31, 1936, and I asked you if that was true of all the companies in the group, and I understood you to say yes. A. I think that is true, is it not, Mr. Davidson?

MR. DAVIDSON: Yes.

A. Because they appeared to be substantial companies and representative of the industry.

Q. That is just repeating your wording. The only reason you have told me for taking this group is the amount of business they did. Is there

any other reason? A. I have told you we eliminated Dominion Woolens for a particular reason.

Q. That is all, is it? A. Yes.

Q. That covers your full reason for selecting this group? A. Yes.

Q. Now I just want to go back to this page 8 where we were dealing with the increase in surplus and the reserves as between 1935 and 1936. Are

Field Bros. and Paton & Belshaw included in this page 8? I suppose they necessarily are?

A. Yes.

Q. Those two companies are now companies since 1936, are they not?

A. Yes.

Q. Well, Mr. Howson, on page 6 of this exhibit that deals with operating ratios, you said

the footnote in answer to a question that the last column headed "1935" is designed to cover the

period ending March 31, 1936, and I asked you if

that was true or not, and you answered it was true.

Q. I understood you to say yes. A. I think

that is true, is it not, Mr. Howson?

A. Yes.

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Howson

BY MR. KELLOCK: Q. I was going to test it in this way. I am told that the fiscal year for Dominion Woollens & Worsted ended June 30.

MR. McRUER: 1935 ?

MR. KELLOCK: In 1934, we are talking about.

BY MR. KELLOCK: Q. You say, Mr. Howson, that 1935 really means March 31, 1936. I am rather surprised at that because when that is so in dealing with other Exhibits, we have had the year 1936 in mind. I do not want to get confused about this.

A. The Dominion Woollens Company reported up to June 30, 1935, and after June 30, 1935.

Q. That is in the case of that company?

A. Yes.

Q. Would it be true to say in the case of all the other companies that it is the period ending March 31, 1936?

A. No, no. These companies' years all ended on different dates.

Q. I see. A. Some ended December 31, 1935, and some ended in other months, and we tried to include in that the last fiscal year's operations.

BY MR. McRUER: Q. If they ended March 31, 1936, they are included in this list as under the year 1935?

A. Yes.

Q. If they ended December 31, 1935, they will be included as 1935 ?

A. Yes, and if they ended June 30, 1935, as Dominion Woollens did,

HOWSON

1933

Q. I was going to test

it in this way. I am told that the fiscal year
for Dominion Woolens & Worsted ended June 30.

Q. In 1934, we are talking about

BY Mr. McLELLAN: Q. You say, Mr. Howson,

that 1935 really means March 31, 1936. I am

rather surprised at that because when that is so

in dealing with other exhibits, we have had the

year 1936 in mind. I do not want to get confused

Company reported up to June 30, 1935, and after

June 30, 1935.

Q. That is in the case of that company?

A. Yes.

Q. Would it be true to say in the case of

all the other companies that it is the period

companies' years all ended on different dates.

Q. I see. A. Some ended December 31,

1935, and some ended in other months, and we

tried to include in that the last fiscal year's

operations.

BY Mr. McLELLAN: Q. If they ended March 31,

Q. If they ended December 31, 1935, they

they ended June 30, 1935, as Dominion Woolens & W.

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Howson

then that is the 1935 year.

BY THE COMMISSIONER: Q. That is the last year we have? A. Yes.

5 BY MR. KELLOCK: Q. Take these last two years, 1934 and 1935, and you say that in the case of a company whose fiscal year ends March 31, 1936 it will be in the last column which is headed "1935" A. Yes..

10 Q. Then the previous year ending March 31, 1935, will be in the column headed "1934" ?

A. Yes.

Q. So we have all sorts of fiscal years?

15 A. You are bound to have when you use the calendar caption.

20 Q. I want to base a question on that, and it is this. These companies which you have listed here on page 6 do not turn out the same products all the way through, but rather a great diversity of products. May I illustrate it in this way? Some companies will spin yarn and manufacture cloth, and some will dye their cloth, some will not spin the yarn, some will only spin yarn, some will make cloth and will not dye it ? A. Oh yes,

25 the operations would be varied in that respect.

Q. And that would have a good deal to do with the diversity of results as shown on this page?

A. Yes, it might be one explanation.

30 Q. From the profits standpoint? A. As comparing one company with another.

Then that is the 1935 year.

BY THE COURT: Q. That is the 1935 year?

A. Yes.

BY THE COURT: Q. Take those last two

years, 1934 and 1935, and you say that in 1934

of a company whose fiscal year ends March 31, 1935

it will be in the last column which is headed "1935"

A. Yes.

Q. Then the previous year ending March 31,

1934, will be in the column headed "1934"?

A. Yes.

Q. So we have all sorts of fiscal years?

A. You are bound to have when you use the calendar

year.

Q. I want to have a question on this, and it

is this. These companies which you have listed

here on page 6 do not turn out the same products

all the way through, but rather a great diversity

of products. May I illustrate it in this way?

Some companies will spin yarn and manufacture cloth

and some will dye their cloth, some will not spin

the yarn, some will only spin yarn, some will make

cloth and will not dye it?

A. Oh yes.

Q. And that would have a good deal to do with

the diversity of results as shown on this page?

A. Yes, it might be one explanation.

Q. From the gross standpoint?

A. Having one company with another.

Q. And I am instructed that this is the fact, that in the case of the cloth companies, for instance the fall months are the most profitable months in the industry. The other months are not so profitable. Do you know that? A. I would not be able to say that.

Q. All right. Would you just turn back to page 5 of this Exhibit. You have headed that "Total Net Profit". What does that mean on that sheet? A. That is the total net including miscellaneous income and after deducting interest on bank loans.

Q. But before bond interest and income tax? A. Yes.

Q. Well now, if I may turn to the last page of this Exhibit, to something I overlooked before, in the fourth line down -- it is the narrow sheet at the end of the Exhibit, headed "Summary of Operations" -- you show in the fourth line, "Net Profit on Sales" 6.2 per cent. Then interest on loans has to come out of that. Then you add Miscellaneous Income. But before that you do not figure the percentage that you have taken off the interest on loans. Can you do that and add it to the Exhibit? A. Yes. You want the percentage on the \$4,824,000. That is the figure you want.

MR. McRUER: You need not do it now, Mr.

Howson.

Q. And I am interested that this is the fact, that in the case of the other companies, the interest in the full months are the most profitable months in the industry. The other months are not as profitable. Do you know that?

A. I would not be able to say that.

Q. All right. Would you just turn back to page 2 of this exhibit. You have headed that

"Total Net Profit". What does that mean on that

miscellaneous income and other operating interest

Q. But before head interest and income tax?

A. Yes.

Q. Well now, if I say turn to the last page

of this exhibit, to something I overheard before,

in the fourth line down -- it is the narrow sheet

at the end of the exhibit, headed "Summary of

"Operations" -- you show in the fourth line, "Net

Profit on Sales" 5.2 per cent. Then interest on

loans has to come out of that. Then you add

Miscellaneous Income. But before that you do not

take the percentage that you have taken off the

interest on loans. Can you do that and add it to

the exhibit?

A. Yes. You want the

percentage on the \$4,844,000. That is the figure

Q. Right: You need not do it now, Mr.

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BY MR. KELLOCK: Q. Yes, I should like that percentage figured out later. Then lower down on the page it says "Applied as follows, bond interest, income taxes." A. Yes.

5 Q. And you do not show the percentage there. Can you show that percentage as well?

THE COMMISSIONER: That is the percentage distributed in dividends?

10 MR. KELLOCK: No, my lord, the percentage of net profit after taking out bond interest and income tax.

THE COMMISSIONER: Show how the net profit is applied.

15 MR. McRUER: You can show the percentages of each application. That will be the best way to do it, how much went for bond interest, and so on.

THE WITNESS: We will show the percentages.

THE COMMISSIONER: And the percentage for dividends, and the percentage carried to surplus.

20 THE WITNESS: This will be the percentage on sales.

BY MR. KELLOCK: Q. What I really want is the percentage of final net profit to sales.

25 You show the figures in dollars and cents, and I want you to show the percentages. A. Very well. That is before dividends.

THE COMMISSIONER: You will get it that way, won't you?

30 MR. KELLOCK: I do not think so, my lord.

BY MR. BRIDGES: O. Yes, I should like that
percentage figured out later. Then I will show you
the page it says "Applied as follows, bond interest
income taken."
A. Yes.
O. And you do not show the percentage there.
Then you show that percentage as well.
THE COMMISSIONER: That is the percentage
as indicated in the schedule.
O. Yes, Mr. Commissioner, the percentage of
not credit after taking out bond interest and
income tax.
THE COMMISSIONER: Show now the net profit in
dollars.
O. Yes, Mr. Commissioner: You can show the percentage of
bond application. That will be the best way to do
it. How much went for bond interest, and so on.
THE COMMISSIONER: We will show the percentages.
THE COMMISSIONER: And the percentage for
dividends, and the percentage carried to surplus.
THE COMMISSIONER: This will be the percentage
on sales.
BY MR. BRIDGES: O. What I really want is
the percentage of final net profit to sales.
You show the figures in dollars and cents, and I
want you to show the percentages.
A. Very
well. That is what I will do.
THE COMMISSIONER: You will get it that way.
A. Yes.

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Howson

MR. McRUIR: You will get so much for common dividends, so much for surplus.

5 BY MR. KELLOCK: Q. If you are going to show the percentage after dividends, that will be the percentage of the net profit distributed as dividends. Is that what you mean? A. I just want to know what you want.

10 Q. Show the net profit after bond interest and income tax. A. That is after deducting \$1,076,000 from \$5,709,000, which leaves \$4,633,000. You want that percentage?

MR. McRUIR: Work out the other ones as well.

THE WITNESS: Yes.

15 BY MR. KELLOCK: Q. To save time, when we come to these other Exhibits, would you do the same thing, because I do not find the percentages there? A. All right.

20 Q. In dealing with Dominion Woollens and Worsted, on Friday, my friend was reading from a report prepared by a Mr. Evens, and in connection with that my friend argued as to whether or not the Forbes mill showed a profit before 1928, when it became included in the constituent companies of Dominion Woollens and
25 Worsted, and you said that it showed a very substantial profit, or words to that effect. Now Mr. Howson, I wanted to ask you if you knew that the Forbes mill was engaged largely in making worsted yarns? A. I
30 do not know what they were engaged in. I had no knowledge of what their operations consisted of.

LONDON

1934

Q. Now, Mr. Brydie, you will get so much for common

dividends, so much for earnings.

BY Mr. Brydie: Yes, if you are going to show

the percentage after dividends, that will be the

percentage of the net profit distributed as dividends.

Q. Now, what does that mean?

A. I just want to show what you want.

Q. Show the net profit after bond interest and

income tax. A. That is after deducting \$1,000,000

from \$8,000,000, which leaves \$4,500,000. You want

that percentage?

Q. Right. Work out the other ones as well.

BY Mr. Brydie: Yes.

Q. To save time, when we come

to these other exhibits, would you do the same thing?

Because I do not find the percentages there?

A. All right.

Q. In dealing with Dominion Woolfarms and others

on Friday, my friend was reading from a report prepared

by a Mr. Evans, and in connection with that my

friend asked me whether or not the Board will

show a profit before 1938, when it became independent

in the constituent companies of Dominion Woolfarms and

others, and you said that it showed a very substantial

profit, in words to that effect. Now Mr. Evans

was engaged largely in making various reports. A. I

do not know what they were engaged in. I had no knowledge

of what their operations consisted of.

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Q. I am instructed that is a fact, and I wanted to ask you if you know that in 1928 worsted yarns had been put on the free list? A. I do not know anything about it.

5 Q. You did not know that? A. No.

Q. Well then, you do not know that after that change the Milton mill and the Otonabee mill and the Orillia mill were shut down? Do you know that?

A. The Orillia mill?

10 Q. Yes. A. I thought the Orillia mill was operating.

Q. In 1928 it was shut down for a time.

You do not know that? A. As far as I can judge the Milton mill had been closed down, and I think the Otonabee, but I did not know what the reason was.

15 Q. What I mean is when you were asked by my friend whether the Forbes mill was profitable before the merger, you are not suggesting that the merger was the one and only cause for failure to show a profit? A. I am simply testifying that according to their statements the Forbes mill made substantial profits.

20 Q. All right, Mr. Howson. I do not suppose that you knew, or did you follow the history of the wool market? Did you know that it dropped substantially immediately after 1928? A. No, I did not.

30 Q. Have you got the questionnaire and reports

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Q. I am instructed that is a fact, and I

wanted to ask you if you knew that in 1988 wanted

not know anything about it.

Q. You did not know that?

A. No.

Q. Well then, you do not know that after that

change the Milton mill and the Orono mill and

the Orono mill were shut down? Do you know that?

Q. The Orono mill?

Q. Yes.

A. I thought the Orono

mill was operating.

Q. In 1988 it was shut down for a time.

Q. As far as I am

You do not know that?

Q. The Milton mill had been closed down, and I

think the Orono mill, but I did not know what the

reason was.

Q. What I mean is when you were asked by my

friend whether the Orono mill was profitable

Q. The Orono mill was profitable?

Q. The Orono mill was the one and only cause for failure to

Q. I am simply testifying that

Q. The Orono mill was profitable?

substantial profits.

Q. All right, Mr. Lawson. I do not suppose

that you know, or did you follow the history of the

Q. The Orono mill was profitable?

Q. The Orono mill was profitable?

Q. The Orono mill was profitable?

Q. The Orono mill was profitable?

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Howson

of the Spencer Company before you? A. Yes.

Q. What proportion of the output of that mill is papermakers' felt? A. I cannot tell you.

5 Q. I understood that the questionnaire would show. A. No, we just asked the type of products, and all they show is papermakers' felt and woollen blankets.

10 Q. I was wondering why you were including Forbes and Spencers in the wool group on that information and not Kenwood mills, when the output of Kenwoods is exactly the same. A. Frankly, we have followed the classification of the Price
15 Spreads Commission. In the Price Spreads investigation emphasis was placed on the two companies. As a matter of fact there were other companies in the whole textile group who make papermakers' felts; for instance, Dominion Textile makes them, and one of the companies in Hamilton, I am not sure whether it
20 is Cosmos or Hamilton. A number of companies participate in the business in a more or less small way, but these two companies apparently seem to have -- the Ayer Company said definitely that it had 75 per cent of the production of papermakers' felt.

25 Q. Did the Kenwood mill give you any definite percentage? A. They did not give us a definite percentage, but their statement of exports showed their production to be quite a substantial amount.

30 Q. My instructions are in the case of Forbes and

of the Spenser Company before you? A. Yes.

Q. What proportion of the output of that mill

is Spensers' felt? A. I cannot tell you.

Q. I understand that the questionative would

show. A. No, we just asked the type of

products, and all they show is Spensers' felt and

woolen blankets.

Q. I was wondering why you were including

Forkes and Spensers in the wool group on that information

that and not Kennwood Mills, when the output of

Kennwood is exactly the same. A. Presumably,

we have followed the classification of the price

boards Commission. In the price boards investigation

that analysis was placed on the two companies. As a

matter of fact there were other companies in the wool

textile group who make Spensers' felt; for

example, including Spensers' felt, and so on.

the companies in Hamilton. I am not sure whether it

is common or Hamilton. A number of companies are

active in the business in a more or less small way,

but these two companies apparently seem to have —

the other company said definitely that it had 75 per

cent of the production of the country, that is,

Q. Did the Kennwood Mill give you any definite

information? A. Yes, the mill gave me

information, but that was all that I received.

Q. Did you receive any other information from the

company?

Q. Did you receive any other information from the

Spencer that the larger portion of their output is papermakers' felt. If that is so, then using the principle you have proceeded on that where the larger proportion of the output is papermakers' felt you have put them in that division, then Forbes and Spencer ought to be there. A. They did not seem to be benefitting in the same way that the other companies did, if a large part of their business was in papermakers' felts.

Q. Well, let us see. Does not the questionnaire include an analysis of sales? A. There is an analysis of lines manufactured.

Q. That would give it to you, would it not? A. That would, if they had completed the information, but they say: "We have no records from which we can obtain this."

Q. Then I cannot blame you for that. But if my instructions are right --

MR. McRUER: They must have some records if your instructions are right.

MR. KELLOCK: My instructions, as I explained the other day, are not direct from the company.

MR. McRUER: Then there must be somebody who knows more about the business than they do themselves.

BY MR. KELLOCK: Q. I see by page 6 of this Exhibit that this company shows somewhat larger profits than others in the group, and if my instructions are right it would be explained by the fact that they are large producers of papermakers' felts.

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Speaker that the larger portion of their output is
paperwork, felt. If that is so, then surely the
unlike you have proceeded on that where the
larger proportion of the output is paperwork, felt
you have put them in a division, then forbes and
Speaker ought to be there. A. They did not
seem to be participating in the same way that the
other companies did, it's a large part of their business
is in paperwork, felt.
A. Well, let us see. Does not the question
require include an analysis of sales? A. There
is an analysis of lines manufactured.
A. That would give it to you, would it not?
A. That would, if they had completed the labor-
tion, but they say: "We have no records from which
we can obtain this."
A. Then I cannot blame you for that. But
if my instructions are right --
MR. MORRIS: They must have some records if
your instructions are right.
MR. ALLLOCK: My instructions, as I explained
the other day, are not direct from the company,
but through the company. The company has no records
and they want the company to have records and to maintain
BY MR. ALLLOCK: C. I see by page 6 of this
document that the company does maintain records
of their sales and that it is a part of their
business that they should maintain records of their
sales and that the company has records of their sales.

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Howson

MR. McRUER: That is arguable.

THE WITNESS: I cannot tell you any more about that than the questionnaire discloses.

BY MR. KELLOCK: Q. All right, Mr. Howson.

5 You mentioned the Price Spreads, and I wanted to clear up a matter mentioned the other day. Your Lordship will remember in connection with the silk group that some question arose whether Belding-Corticelli should properly be in that group as a comparable company, and the witness said that he had followed the classification used in the Price Spreads, from which my friend read certain extracts from the evidence. I just want to add to that a reference to page 2733.

15 THE COMMISSIONER: Of the Price Spreads report?

MR. KELLOCK: Of the Minutes of Proceedings of the Price Spreads Commission, my lord. Mr. Glasco, I think, is being examined by Mr. Parry, who was Assistant Counsel for the commission, assisting Mr. Somerville, and I quote from page 2733:

"Q. (By Mr. Parry) I understand that this company, No. 4700 --"

That is the Belding-Corticelli:

25 "Q. I understand that this company, No. 4700, which heads this list was the company to which you referred as having the largest gross profit to sales, is there any reason why the net has been cut to such a small amount?

30 A. Company 4700 is the Belding-Corticelli Limited, its business comprises a little more

MR. BRYDIE: That is correct.

THE WITNESS: I cannot tell you any more about that than the questionnaire discloses.

BY MR. BRYDIE: I will ask you, now.

You mentioned the price spreads, and I wanted to clear up a matter mentioned the other day. Your relationship will remember in connection with the mix group that some question arose whether holding-

was really a company or not. I am not sure as a comparable company, and the witness said that he had followed the classification used in the price spreads, from which my friend read certain extracts from the evidence. I just want to add to that a

statement on page 110.

THE WITNESS: Of the price spread reports

MR. BRYDIE: Of the minutes or proceedings of

the price spread committee, is that correct?

I think, is being examined by Mr. Perry, who was

examined by the committee, is that correct?

Yes, I am sure that is correct.

"Q. (By Mr. Perry) I understand that this

company, No. 4700 --"

that is the holding-company?

"Q. I understand that this company,

No. 4700, which heads this list was the company

to which you referred as being the largest

gross profit to sales, is there any reason why

the net has been set so small a number?

A. Company No. 4700 is the holding-company.

It is the largest company in the list.

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than factory manufacturing, it also buys and sells generally in textiles which it does not itself manufacture, and as a consequence its selling overhead is much more extensive than that which is found in connection with purely manufacturing mills; as a consequence, if you will refer to the table on expenses (page 9) you will note the expense ratio of this company is 17.1 per cent of its sales which is certainly the highest of the larger companies in the group, and that accounts for the lower net earnings expressed as a ratio of sales."

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MR. McRUER: That helps me a great deal in my contention.

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MR. KELLOCK: I thought it was going to help me too. Now, Mr. Davidson, have you the material ready yet?

MR. DAVIDSON: Which are you referring to?

20

MR. KELLOCK: In connection with the wool group

MR. DAVIDSON: It has been handed in for typing.

MR. KELLOCK: Probably we can get it before we finish.

MR. DAVIDSON: All right.

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MR. KELLOCK: That is all, thank you.

MR. McRUER: Now, my lord, we will go on with the two companies that have been specially mentioned, Ayers and Kenwood Mills.

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THE COMMISSIONER: You are taking them separately? You are going to file separate Exhibits about them?

than factory manufacturing, it also buys and
sells generally in textiles which it does not
manufacture, and as a consequence its
selling overhead is much more extensive than
that which is found in connection with purely
manufacturing sales; as a consequence, if you
will refer to the table on expenses (page 3)
you will note the expense ratio of this company
is 14.1% and that of the other companies is
fairly the highest of the larger companies in
the group, and that accounts for the lower net
earnings expressed as a ratio of sales."

MR. BRYDIE: That helps me a great deal in my
conclusion.

MR. BRYDIE: I thought it was going to help
me too. Now, Mr. Davidson, have you the material
ready yet?

MR. DAVIDSON: Which are you referring to?

MR. BRYDIE: In connection with the wool group.

MR. DAVIDSON: It has been handed in for typing.

MR. BRYDIE: Probably we can get it before we
finish.

MR. BRYDIE: All right.

MR. BRYDIE: That is all, thank you.

MR. BRYDIE: Now, Mr. Davidson, do you have any
other questions that you want to ask?

MR. BRYDIE: No, thank you.

MR. BRYDIE: The meeting is adjourned.

MR. BRYDIE: The meeting is adjourned.

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MR. McRUER: No, there will be questionnaires, but this Exhibit is headed: "Woollen and Paper Makers' Felts Division."

THE COMMISSIONER: Is that a new Exhibit?

5 MR. McRUER: Yes, my lord. The first one is Individual Companies woollen and Paper Makers' Felts Division, Financial Summaries.

MR. KELLOCK: That is not the individual companies; that is general.

10 MR. McRUER: Both companies are dealt with separately.

THE COMMISSIONER: There are just two companies?

MR. McRUER: Yes, this deals with Ayers Limited and Kenwood Mills Limited.

15 THE COMMISSIONER: Which one do you file first, Individual Companies or Financial Summaries?

MR. McRUER: Individual Companies will be filed first.

20 THE COMMISSIONER: On this typewritten sheet that has been handed to me the first paragraph, is: "Individual Companies Woollen and Paper Makers' Felts Division, Financial Summaries."

MR. McRUER: Yes.

25 THE COMMISSIONER: And Mr. Rene tells me that means two Exhibits together.

MR. McRUER: Oh yes. Mr. Rene is quite right. We had better make it 1064, the Individual Companies will be 1064, and the collective summary 1065.

30 THE COMMISSIONER: The first one, "Individual Companies woollen and Paper Makers' Felts Division,

"Financial Summaries" -- that is the collective summary?

MR. McRUER: No, that deals with it individually. That deals with Ayers Company and Kenwood Company both in the one binder.

THE COMMISSIONER: It does not say so on the back. It says, "Woollen and Paper Makers' Felts Division, Financial Summaries."

THE WITNESS: That is the second one.

THE COMMISSIONER: That will be Exhibit 1064.

EXHIBIT 1064: Individual Companies Woollen and Paper Makers' Felts Division, Financial Summaries.

MR. McRUER: Then we will proceed with the answers to the questionnaire of Ayers Limited.

THE COMMISSIONER: That will be Exhibit 1065.

EXHIBIT 1065: Answers to questionnaire, Ayers Limited.

MR. McRUER: Next are the financial statements of Ayers Limited for 1905 and 1924 to 1935.

THE COMMISSIONER: That will be Exhibit 1066.

EXHIBIT 1066: Financial Statements, Ayers Limited, for 1905 and 1924 to 1935.

MR. McRUER: Next is answers to questionnaire Kenwood Mills Limited.

THE COMMISSIONER: That will be Exhibit 1067.

EXHIBIT 1067: Answers to questionnaire, Kenwood Mills Limited.

MR. McRUER: Next are the financial statements, Kenwood Mills Limited, from 1918 to 1935 inclusive.

THE COMMISSIONER: That will be Exhibit 1068.

EXHIBIT 1068: Financial Statements
Kenwood Mills Limited
from 1918 to 1935 inclusive.

MR. McRUER: Then we have the summary of
Paper Makers' Felts Division. That is Mr. Howson's
summary which deals with these companies collec-
tively.

THE COMMISSIONER: That is Exhibit 1069.

EXHIBIT 1069: Paper Makers' Felts Division,
Woollens, Financial Summaries.

BY MR. McRUER: Q. I have just one question I
want to ask you, Mr. Howson, in regard to the
business of the Kenwood Company. Did they give you
any statement as to what proportion of their business
is blankets?

A. They just give the
quantities.

Q. I just want to arrive at some idea of what
proportion of their business is blankets. A. I
cannot tell you that from this statement because it
is not a complete statement of their production.

Q. Do they say anything about blankets?

A. Yes, they show that during the last fiscal year
they sold 68,902 pieces, and the selling price per
unit was 2.826, so that would be about \$200,000, I
take it.

Q. All blankets.

BY MR. KELLOCK: Q. That is just blankets?

A. Just blankets. They have bath robes and knitted
goods here.

MR. McRUER: That is all on that.

-- The Commission took a short recess.

JAN 11

Witnessed by
James W. H. H. H.

EXHIBIT 1000

Q. Now, then we have the survey of

survey which deals with these various things

tively.

Q. Now, then we have the survey of

Q. Now, then we have the survey of

EXHIBIT 1000

Q. Now, then we have the survey of

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-- After Recess.

5 MR. KELLOCK: Just a question or two I want to ask you about Exhibit 1069 at page 2, which is "Profit and Loss and Surplus Summary". The percentage you show at the foot of the page, "Ratio of net profit from operations to Capital Employed in the Industry." Now, the net profits from operations you use there is the net profit from operations shown higher up on the page after interest on loans but before income taxes and bond interest.

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Q. And the Capital employed in the industry as adjusted after Appraisal write-ups? A. Shown on the previous page.

15

THE COMMISSIONER: Does that mean you take the capital as written up? A. As written down.

Q. You write it down from the Write-ups? A. You take the capital as written up and then reduce it.

20 MR. KELLOCK: Q. What does this mean on page 1 - I cannot find anything there where anything was written up? A. Good Will, Patents, Trade marks.

Q. There is no question of writing-up here - you simply eliminate good will, patents and trade marks.

25

A. Yes.

Q. Now, I asked you to add to Sheet 2 of this Exhibit, Ratio of Final Net Profit - that is, after bond interest and income tax, to Total Capital Invested, - that is the language you use? A. Final Net Profit?

30

-- After Record.

MR. KILBICK: Just a question or two I want to

ask you about Exhibit 100 at page 2, which is

"Profit and Loss and Surplus Summary". The percentages

you show at the foot of the page, "Ratio of net

profit from operations to Capital Employed in the

Industry." Now, has net profit from operations been

has there is the net profit from operations shown in

up on the page after interest on loans but before in

taxes and bond interest.

.. and the Capital employed in the industry as

adjusted after certain deductions.

the previous page.

THE COMMISSIONER: Now that means you take the

capital as written up?

.. You write it down from the balance-sheet?

take the capital as written up and then reduce it?

MR. KILBICK: What does this mean on page 1 -

I cannot find anything there where anything was written

up? A. Good will, Patents, Trade Marks.

.. There is no question of writing-up here - you

simply claim to good will, patents and trade marks.

.. Now, I asked you to add to sheet 2 of this

Exhibit, Ratio of Net Profit - that is, after

interest and income tax, to Total Capital Invested

.. Final Net

Q. To total capital investment? A. Before any additions?

Q. Yes. The effect, of course, of eliminating the value of good will is to increase the percentage of net profits to the capital that is left? A. Yes.

Q. Now, on Page 3, the note in the lower left hand corner, which is No. 3, "Ratio, Total Net Profit to Sales" that, again, is before bond interest and income tax, is not it? A. Yes.

Q. And the same is true on page 4, the last line? A. Yes.

Q. And the second last line, the use of the words "Net Profits from Operations," that is before Bond Interest and Income Tax? A. Yes.

THE COMMISSIONER: Q. That is, Net Profits to Operations? A. To Sales, in one case and Capital employed in the other.

MR. KELLOCK: Q. And on page 5, would you be good enough to add the same percentage I asked you for in connection with the same? A. There was really no bond interest in this particular section, you will notice.

THE COMMISSIONER: Q. There is no bond interest at all? A. Yes, because no bond interest outstanding.

Q. So that here payment of bond interest does not mean anything? A. No, it is the general plan we have worked on all through. In this case there

Q. To total capital investment?

A. Yes.

Q. The effect, of course, of eliminating

the value of good will is to increase the percentage

of net profits to the capital that is left? A. Yes.

Q. Now, on page 3, the note in the lower left hand

corner, which is No. 3, "Ratio, Total net profit to

that, again, is before bond interest and income tax,

is not it? A. Yes.

Q. And the same is true on page 4, the last line

A. Yes.

Q. And the second last line, the use of the words

"Net Profits from operations," that is before bond

interest and income tax? A. Yes.

Q. That is, Net Profits to

operations? A. To Sales, in one case and to

employed in the other.

MR. KELLOCK: Q. And on page 5, would you be good

enough to add the same percentage I asked you for in

connection with the same? A. There was really

no bond interest in this particular section, you will

notice.

THE COMMISSIONER: Q. There is no bond interest at

all? A. Yes, because no bond interest out-

standing.

Q. Now, any amount of bond interest does not

mean anything? A. No, it is the general idea

was no bond interest.

THE COMMISSIONER: It rather falsifies it. I had written in, "Before Bond Interest" and there is no Bond Interest.

5 MR. KELLOCK: Yes, it is before Income Tax.
All right, thank you.

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10 BY MR. McRUER:

Now, we go to the Knit Goods Division, individual Companies, and

EXHIBIT 1070: Statement Knit Goods Division,
Individual Companies.

15 MR. McRUER: The answers to the Questionnaire
of the Monarch Knitting Company.

EXHIBIT 1071: Answers to Questionnaire of the
Monarch Knitting Company, Limited.

20 MR. McRUER: The next one, Financial Statement
of the Monarch Knitting Company
Limited.

EXHIBIT 1072: Financial Statement of the
Monarch Knitting Company, 1912 to
1936.

25 MR. McRUER: Answers to the Questionnaire of the
J.R. Moodie Company Limited.

EXHIBIT 1073: Answers to the Questionnaire of the
J.R. Moodie Company Limited.

MR. McRUER: There are no financial statements.
Answers to the Questionnaire Penman's Limited.

30 EXHIBIT 1074: Answers to the Questionnaire of
Penman's Limited.

THE COMPANY IS IN THE BUSINESS OF

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MR. McRUER: Then the Annual Statement of Penman's Limited.

EXHIBIT 1075: Annual Statement of Penman's Limited

5 MR. McRUER: Answers to Questionnaire of the
The Regent Knitting Mills, Limited.

EXHIBIT 1076: Answers to Questionnaire of the
Regent Knitting Mills, Limited.

10 MR. McRUER: Then the Annual Financial Statement
of the Regent Knitting Mills, Limited.

EXHIBIT 1077: Financial Statement of the Regent
Knitting Mills, Limited.

MR. McRuer: The answers to Questionnaire of
Stanfields, Limited.

15 EXHIBIT 1078: Answers to Questionnaire of
Stanfields, Limited.

MR. McRUER: Then the Financial Statement of Stan-
fields, Limited.

EXHIBIT 1079: The Financial Statement of Stan-
fields, Limited.

20 MR. McRUER: The answers to Questionnaire The
C. Turnbull Company Limited.

EXHIBIT 1080: Answers to Questionnaire The
C. Turnbull Company Limited.

25 MR. McRUER: Then the Financial Statement of the
C. Turnbull Company Limited.

EXHIBIT 1081: Financial Statement of the C.
Turnbull Co. Limited.

MR. McRUER: Now, the next is Financial Summary
of the Knit Goods Division.

30 EXHIBIT 1082: Financial Summary of Knit Goods
Division.

Then the annual statement of the

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The Regent Mining Mills, Limited.

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Then the annual financial statement

of the Regent Mining Mills, Limited.

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MR. McRUER: Q. This is Mr. Howson's Statement.
The answers to questionnaire of Albion Knitting Co.
Limited. No, just the Financial Statement.

5 EXHIBIT 1083: Financial Statement of Albion
Knitting Company Limited.

MR. McRUER: Financial Statements of Art Knitting
Mills, Registered.

EXHIBIT 1084: Financial Statements of Art Knitting
Mills, Registered.

10 MR. McRUER: The answers to questionnaire of Atlantic
Underwear Company Limited.

EXHIBIT 1085: Answers to Questionnaire of Atlantic
Underwear Company Limited.

15 MR. McRUER: There are no Financial Statements for
them. Then the Financial Statements of Avon Knit, Ltd.

EXHIBIT 1086: Financial Statement of Avon Knit
Limited.

MR. McRUER: Answers to Questionnaire of R.N.
Ballantyne, Limited.

20 EXHIBIT 1087: Answers to Questionnaire of R.N.
Ballantyne, Limited.

MR. McRUER: Financial Statements of R.N. Ballantyne
Limited.

EXHIBIT 1088: Financial Statements of R.N. Ballantyne
Limited.

25 MR. McRUER: The Barrie Glove & Knitting Company
Limited, Financial Statements.

EXHIBIT 1089: Financial Statements of The Barrie
Glove & Knitting Company Limited.

30 MR. McRUER: Financial Statements of Joseph Beaumont.

EXHIBIT 1090: Financial Statements of Joseph
Beaumont.

MR. MORRIS: This is Mr. Morris's statement.

The answers to questions of Albion Knitting Co.

Limited. No, just the financial statement.

ALBION KNITTING CO.

Knitting Company Limited.

MR. MORRIS: Financial statement of Albion Knitting Co.

Albion Knitting Co.

Financial statement of Albion Knitting Co.

Albion Knitting Co.

MR. MORRIS: The answers to questions of Albion Knitting Co.

Underwest Company Limited.

ALBION KNITTING CO.

Underwest Company Limited.

MR. MORRIS: There are no financial statements of Albion Knitting Co.

Then the financial statements of Albion Knitting Co.

Financial statement of Albion Knitting Co.

Limited.

MR. MORRIS: Answers to questions of Albion Knitting Co.

Albion Knitting Co.

Answers to questions of Albion Knitting Co.

Albion Knitting Co.

MR. MORRIS: Financial statement of Albion Knitting Co.

Limited.

ALBION KNITTING CO.

Limited.

MR. MORRIS: The answers to questions of Albion Knitting Co.

Financial statement.

ALBION KNITTING CO.

Glove Knitting Company Limited.

MR. MORRIS: Financial statement of Albion Knitting Co.

Financial statement of Albion Knitting Co.

Limited.

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MR. McRUER: Beaunit Mills Limited, Answers to
Questionnaire.

EXHIBIT 1091: Answers to Questionnaire, The
Beaunit Mills Limited.

5 MR. McRUER: Then the Financial Statement of the
same company.

EXHIBIT 1092: Financial Statement of Beaunit
Mills Limited.

10 MR. McRUER: Financial Statements of the Brampton
Knitting Mills.

EXHIBIT 1093: Financial Statements Brampton
Knitting Mills.

MR. McRUER: British Knitwear, Limited, Financial
Statements only.

15 EXHIBIT 1094: Financial Statements, British
Knitwear, Limited.

MR. McRUER: Financial Statements of A. Burritt
& Company, Limited.

EXHIBIT 1095: Financial Statements of A. Burritt
& Company, Limited.

20 MR. McRUER: The Canadian Knitting, Financial
Statements,

EXHIBIT 1096: Financial Statements of Canadian
Knitting,

25 MR. McRUER: Answers to Questionnaire of Canadian
U.S. Knitting Company.

EXHIBIT 1097: Answers to Questionnaire of Canadian
U.S. Knitting Company.

30 MR. McRUER: Then the Financial Statement of the
Canadian U.S. Knitting Company.

EXHIBIT 1098: Financial Statement of the Canadian
U.S. Knitting Company.

HOWSON

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Mr. Howson: I would like to ask, please, to

Exhibit 10881

Answers to questions, The
Barnett Mills Limited.

Mr. McBurn: Then the financial statement of the

Exhibit 10882

Financial statement of Barnett
Mills Limited.

Mr. McBurn: Financial statements of the Barnett

Knitting Mills.

Exhibit 10883
Financial statement of Barnett
Knitting Mills.

Mr. Howson: I would like to ask, please, to

Exhibit 10884

Financial statement of Barnett
Knitting Mills.

Mr. Howson: I would like to ask, please, to

Exhibit 10885

Financial statement of A. Barnett
& Company, Limited.

Mr. Howson: The financial statement of Barnett

Statements.

Exhibit 10886
Financial statement of Canadian
Knitting.

Mr. Howson: I would like to ask, please, to

Exhibit 10887

Answers to questions of General
U.S. Knitting Company.

Mr. Howson: Then the financial statement of the

Exhibit 10888

Financial statement of the Canadian
Knitting Company.

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MR. McRUER: Answers to Questionnaire of The Code Felt & Knitting Company Limited. Financial Statements are attached. Will we make a separate Exhibit of them, my lord?

5 THE COMMISSIONER: If they are attached better leave them together.

MR. McRUER: They are attached to answers to the Questionnaire.

10 EXHIBIT 1099: Answers to Questionnaire and Financial Statements of the Code Felt & Knitting Company Limited.

MR. McRUER: Henry Davis & Company, Limited, Financial Statement.

15 EXHIBIT 1100: Financial Statements of Henry Davis & Company Limited.

MR. McRUER: Day-Smith, Limited, Financial Statements only.

EXHIBIT 1101: Financial Statements of Day-Smith Limited.

20 MR. McRUER: This is Dods Knitting Company, Limited, answers to Questionnaire.

EXHIBIT 1102: Answers to Questionnaire, Dods Knitting Company Limited.

25 MR. McRUER: Financial Statements of Dods Knitting Company Limited.

EXHIBIT 1103: Financial Statements of Dods Knitting Company.

MR. McRUER: Dominion Knitting Mills, Limited, Financial Statements.

30 EXHIBIT 1104: Financial Statements of Dominion Knitting Mills Limited.

Mr. McNEIL: answers to questionnaires of the

Text & Printing Company Limited. Financial

statements are attached. Will we make a separate

Exhibit of them, my lord?

THE COURT: I think it may be attached better

leave them together.

Mr. McNEIL: they are attached to answers to the

questionnaires.

EXHIBIT 1099: answers to questionnaires and
financial statements of the Court
Text & Printing Company Limited.

Mr. McNEIL: Henry Davis & Company, Limited,

Financial statements.

EXHIBIT 1100: financial statements of Henry
Davis & Company Limited.

Mr. McNEIL: financial statements of Henry Davis & Company Limited.

EXHIBIT 1101: financial statements of Henry Davis & Company Limited.

EXHIBIT 1102: financial statements of Henry Davis & Company Limited.

Mr. McNEIL: This is Doss Printing Company, Limited.

answers to questionnaires.

EXHIBIT 1103: answers to questionnaires, Doss
Printing Company Limited.

Mr. McNEIL: financial statements of Doss Printing

Company Limited.

EXHIBIT 1104: financial statements of Doss
Printing Company Limited.

Mr. McNEIL: Dominion Printing Mills, Limited.

Financial statements.

EXHIBIT 1105: financial statements of Dominion
Printing Mills Limited.

MR. McRUER: The Eaton Knitting Company, Limited,
Answers to Questionnaire.

EXHIBIT 1105: Answers to Questionnaire, The Eaton
Knitting Company Limited.

5 MR. McRUER: The Fainer Knitting Mills Company
Limited, Financial Statements only.

EXHIBIT 1106: Financial Statements of the Fainer
Knitting Mills Limited.

10 MR. McRUER: The Galt Knitting Company, Limited,
Answers to Questionnaire.

EXHIBIT 1107: Answers to Questionnaire, The
Galt Knitting Company Limited.

MR. McRUER: Grover Knitting Mills Limited,
Answers to Questionnaire.

15 EXHIBIT 1108: Answers to Questionnaire,
Grover Knitting Mills Limited.

MR. McRUER: Financial Statements of Grover Knit-
ting Mills, Limited.

EXHIBIT 1109: Financial Statement of Grover
Knitting Mills Limited.

20 MR. McRUER: The Financial Statements of George E.
Hanson.

EXHIBIT 1110: Financial Statements of George E.
Hanson.

25 MR. McRUER: Harris Knitting Mills, Limited,
Financial Statement.

EXHIBIT 1111: Financial Statements of Harris
Knitting Mills Limited.

MR. McRUER: L.O. Hudson, Company, Limited,
Financial Statement.

30 EXHIBIT 1112: Financial Statements, L.O. Hudson
Company Limited.

Mr. Hoot: The Hoot Bridge Company, Limited

Answers to questions

Mr. Hoot: The Hoot Bridge Company, Limited

Mr. Hoot: The Hoot Bridge Company, Limited

Answers to questions

Mr. Hoot: The Hoot Bridge Company, Limited

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Answers to questions

Mr. Hoot: The Hoot Bridge Company, Limited

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MR. McRUER: Jersey's Limited, Financial Statements only.

EXHIBIT 1113: Financial Statements, Jersey's Limited.

5 MR. McRUER: Knitters Limited, Answers to Questionnaire.

EXHIBIT 1114: Answers to Questionnaire, Knitters Limited.

10 MR. McRUER: And Financial Statements of Knitters Limited.

EXHIBIT 1115: Financial Statements of Knitters Limited.

MR. McRUER: S.Lennard & Sons, Limited, Financial Statements.

15 EXHIBIT 1116: Financial Statements S.Lennard & Sons Limited.

MR. McRUER: Mason Knitting Company, Financial Statements.

EXHIBIT 1117: Financial Statements of Mason Knitting Company.

20 MR. McRUER: Mercury Mills, Limited, answers to Questionnaire.

EXHIBIT 1118: Answers to Questionnaire, Mercury Mills Limited.

25 MR. McRUER: Then the financial Statements of Mercury Mills Limited.

EXHIBIT 1119: Financial Statements of Mercury Mills Limited.

30 MR. McRUER: Newlands & Company, Limited, Answers to Questionnaire.

EXHIBIT 1120: Answers to Questionnaire, Newlands & Company, Limited.

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MR. McRUER: Then the Financial Statement of
Newlands & Company, Limited.

EXHIBIT 1121: Financial Statement of Newlands
& Company Limited.

5 MR. McRUER: Nova Scotia Textiles, Limited.

Answers to Questionnaire.

EXHIBIT 1122: Answers to Questionnaire, Nova
Scotia Textiles Limited.

10 MR. McRUER: Then the Financial Statements of
Nova Scotia Textiles Limited.

EXHIBIT 1123: Financial Statements of Nova
Scotia Textiles Limited.

MR. McRUER: Ontario Silknit, Limited. Answers
to Questionnaire.

15 EXHIBIT 1124: Answers to Questionnaire, Ontario
Silknit, Limited.

MR. McRUER: Financial Statements of Ontario
Silknit Limited.

20 EXHIBIT 1125: Financial Statements of Ontario
Silknit Limited.

MR. McRUER: Summit Dyeing Co. Limited. Answers
to Questionnaire.

EXHIBIT 1126: Answers to Questionnaire of
Summit Dyeing Co. Limited.

25 MR. McRUER: Financial Statements of Summit Dyeing
Company Limited.

EXHIBIT 1127: Financial Statements of Summit
Dyeing Company Limited.

30 MR. McRUER: And the Cosmo Underwear, Financial
Statement.

EXHIBIT 1128: Financial Statement of Cosmo Under
wear.

MR. BRIDIE: Then the financial statements of

Summit Dyeing Co. Limited,

EXHIBIT 117:

Financial statements of Summit Dyeing Co. Limited,

MR. BRIDIE: Now, please, Mr. Brindley, Limited,

Answers to questions.

EXHIBIT 118:

Answers to questions, Now, please, Mr. Brindley, Limited,

MR. BRIDIE: Then the financial statements of

Now, please, Mr. Brindley, Limited.

EXHIBIT 119:

Financial statements of Now, please, Mr. Brindley, Limited,

to questions.

EXHIBIT 120:

Answers to questions, Ontario, Limited,

MR. BRIDIE: Financial statements of Ontario

limited limited.

EXHIBIT 121:

Financial statements of Ontario limited limited.

MR. BRIDIE: Summit Dyeing Co. Limited, answers

to questions.

EXHIBIT 122:

Answers to questions of Summit Dyeing Co. Limited,

MR. BRIDIE: Financial statements of Summit Dyeing

EXHIBIT 123:

Financial statements of Summit Dyeing Company limited.

MR. BRIDIE: And the Gosmo Underwear, Financial

EXHIBIT 124:

Financial statement of Gosmo Underwear

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THE COMMISSIONER: We will adjourn now.

--

-- The Commission adjourned at 12.30 P.M. to resume
at 2.15 P.M.

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THE COMMISSIONER OF THE REVENUE

--- The Commission is composed of 12 members, 6 of whom are appointed by the Governor in Council, and 6 by the Senate.

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-- The Commission resumed at 2:15 P.M.

E. J. HOWSON, Examination continued.

5 MR. McRUER: The next company is the Passmore Novelty Knitting Company, financial statements only.

THE COMMISSIONER: 1129.

EXHIBIT No. 1129: Financial statements of Passmore Novelty Knitting Company.

10 MR. McRUER: Permians Limited, answers to questionnaire.

THE COMMISSIONER: No.

THE WITNESS: That is in.

15 MR. McRUER: Yes, that is in. Regent Knitting Mills is in. Royal is the next one, financial statements only.

THE COMMISSIONER: 1130.

EXHIBIT No. 1130: Financial statements of Royal Knitting Company.

20 MR. McRUER: The Schofield Woollen Co. Limited, answers to questionnaire.

THE COMMISSIONER: 1131.

EXHIBIT No. 1131: Answers to questionnaire by Schofield Woollen Company, Ltd.

MR. McRUER: And the financial statements.

25 THE COMMISSIONER: 1132.

EXHIBIT No. 1132: Financial statements of the Schofield Woollen Company, Ltd.

30 MR. McRUER: Joseph Simpson Sons Limited, answers to questionnaire.

THE COMMISSIONER: 1133.

EXHIBIT No. 1133: Answers to questionnaire by Joseph Simpson Sons Limited.

MR. McRUER: And the financial statements.

THE COMMISSIONER: 1134.

EXHIBIT No. 1134: Financial statements of
Joseph Simpson Sons Limited.

5 MR. McRUER: Also the balance sheets of January
2nd, 1911.

THE COMMISSIONER: Does that go with it?

10 MR. McRUER: That goes with them all. It is all
part of an Exhibit, my lord. Stanfields Limited is in.
Star Knitting Company is the next one on the list,
answers to questionnaire.

THE COMMISSIONER: 1135.

EXHIBIT No. 1135: Answers to questionnaire
by Star Knitting Company.

15 MR. McRUER: And the financial statements.

THE COMMISSIONER: Financial statements 1136.

EXHIBIT No. 1136: Financial statements of
Star Knitting Company.

MR. McRUER: Superior Silk Mills Limited, financial
statements.

20 THE COMMISSIONER: 1137.

EXHIBIT No. 1137: Financial statements of
Superior Silk Mills Limited.

MR. McRUER: Tease Knitting Company, Ltd., finan-
cial statements.

25 THE COMMISSIONER: 1138.

EXHIBIT No. 1138: Financial statements of
Tease Knitting Company,
Limited.

MR. McRUER: Warren Brothers Limited, financial
statements only.

30 THE COMMISSIONER: 1139.

EXHIBIT No. 1139: Financial statements of

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

Yokoyama, S. (1997) *Journal of the Japanese Society for the Study of the History of Psychology*, 24, 1-12.

NOTHING BUT THE BEST

Warren Bros. Limited.

MR. McRUER: William Trow Knitting Company,
Limited, financial statements only.

THE COMMISSIONER: That is Williams Trow.

MR. McRUER: Williams Trow.

THE COMMISSIONER: That is 1140.

EXHIBIT No. 1140: Financial statements of
Williams Trow Knitting
Company.

MR. McRUER: Zimmerknit Company Limited, answers
to questionnaire.

THE COMMISSIONER: 1141.

EXHIBIT No. 1141: Answers to questionnaire
by Zimmerknit Company,
Limited.

BY MR. McRUER: Q. Any financial statements for
Zimmerknit ? A. Yes.

Q. Financial statements of Zimmerknit.

THE COMMISSIONER: 1142.

EXHIBIT No. 1142: Financial statements of
Zimmerknit Company, Limited.

MR. McRUER: Now, the Harvey Knitting Company
Limited.

THE COMMISSIONER: That is the questionnaire ?

MR. McRUER: The questionnaire, yes, my lord.

THE COMMISSIONER: 1143.

EXHIBIT No. 1143: Answers to questionnaire
by the Harvey Knitting
Company Limited.

MR. McRUER: And the financial statements.

THE COMMISSIONER: 1144.

EXHIBIT No. 1144: Financial statements of
the Harvey Knitting Company
Limited.

MR. McRUER: Woods Underwear Company Limited,

MR. MORRIS: William Trow Knitting Company.

Limited, financial statements only.

THE COMMISSIONER: What is William Trow.

MR. MORRIS: William Trow.

THE COMMISSIONER: What is 1140.

EXHIBIT NO. 1140: Financial statements of
William Trow Knitting
Company.

to questionnaires.

THE COMMISSIONER: 1141.

EXHIBIT NO. 1141: Answers to questionnaires
by William Trow Knitting
Company, Limited.

BY MR. MORRIS: Any financial statements to

questionnaire? .. Yes.

4. Financial statements of 1142.

THE COMMISSIONER: 1143.

EXHIBIT NO. 1143: Financial statements of
William Trow Knitting
Company, Limited.

MR. MORRIS: Now, the Harvey Knitting Company

Limited.

THE COMMISSIONER: What is the 1144.

MR. MORRIS: The questionnaires, yes, my lord.

THE COMMISSIONER: 1145.

EXHIBIT NO. 1145: Answers to questionnaires
by the Harvey Knitting
Company, Limited.

MR. MORRIS: And the financial statements.

THE COMMISSIONER: 1146.

EXHIBIT NO. 1146: Financial statements of
the Harvey Knitting
Company, Limited.

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answers to questionnaire.

THE COMMISSIONER: 1145.

EXHIBIT No. 1145: Answers to questionnaire,
by Woods Underwear Company,
Limited.

BY MR. McRUER: Q. Any financial statements?

A. No.

THE COMMISSIONER: 1145 is the Woods Underwear
Company's questionnaire.

BY MR. McRUER: Q. Now, I just want to ask a
question in reference to this summary, exhibit 1082,
which deals with these knitting companies whose finan-
cial statements and questionnaires have been filed.

There appears to have been quite a number of these com-
panies that started up in the year 1931; is there any
particular reason for that? A. No, that is
not a correct conclusion.

THE COMMISSIONER: Mr. McRuér, what exhibit are
you referring to?

MR. McRUER: 1082, my lord, the long sheet that
deals with their operating ratios? A. The
smaller companies were asked for five years returns.

Q. I see, so they may have existed before 1931?

A. Yes.

Q. Then, that doesn't mean anything on this state-
ment? A. No.

Q. Well, the Penman Company seems to be the large
company. Take in the year 1935; they have 17.8 per
cent of the business? A. The total business as
set out in this group.

Q. That is of the business of the reporting

answers to questionnaire.

THE COMMISSIONER: 1145.

answers to questionnaire
by Costa Underwear Company
Limited.

BY MR. MONROE: Q. Any financial statements?

A. No.

THE COMMISSIONER: 1145 is the Costa Underwear

Company's questionnaire.

BY MR. MONROE: Q. Now, I just want to ask a

question in reference to this company, exhibit 1082

which deals with these knitting companies whose financial

statements and questionnaires have been filed.

There appears to have been quite a number of these

panies that started up in the year 1981; is there any

particular reason for that?

A. No, that

not a correct conclusion.

THE COMMISSIONER: Mr. Monroe, what exhibit are

you referring to?

MR. MONROE: 1082, my lord, the long sheet that

deals with their operating ratios? A. The

smaller companies were asked for five years returns

A. I see, so they may have existed before 1981

A. Yes.

A. Yes, and I think it was pointed out to me that

that is all right.

A. Well, the Penman Company seems to be the last

company. And in the year 1981, they were in a bad

position in the business?

And that is the group.

A. That is of the business in the operating

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companies ? A. Yes sir.

Q. Then, the next largest one seems to be the Dominion Knitting Mills Limited which has seven point five per cent ? A. Isn't that the Eaton ?

5 Q. Yes, Eaton Knitting Company; I was looking at the wrong line. So there seems to be a very big drop between Penmans and the next largest one. Now, I just want to run over those that show losses in 1935.

10 THE COMMISSIONER: Let me know what page you are on ?

MR. McRUER: Pardon ?

THE COMMISSIONER: What page are you on ?

15 MR. McRUER: I am at this sheet.

THE COMMISSIONER: How is it headed ?

MR. McRUER: It is headed Operating ratios.

MR. KELLOCK: Page 9.

THE COMMISSIONER: All right.

20 MR. McRUER: The first one appears to be the Avon Knit Limited ? A. Yes.

Q. Their percentage of the total business in 1935 was what ? A. .4 per cent, four-tenths of one per cent.

25 Q. Four-tenths of one per cent; the next one is A. Burritt & Co., is it ?

THE COMMISSIONER: Just a minute now; what is this ? It is the "Ratio, Total net Profit to Sales" in that one company ? A. Yes.

30 MR. McRUER: I am just taking the companies that are

companies?

. Then, the next I want one more to be the

which is: With this I will have seven per

five per cent?

. Yes, when I have this, I am looking

at the wrong line. It seems to be a very big

step between these two and I am not sure

I just want to run over these other losses in

loss.

THE CHAIRMAN: Let me know what you are

on?

MR. McNEIL: I am on this about?

THE CHAIRMAN: What page are you on?

MR. McNEIL: I am on this about.

THE CHAIRMAN: How is it handled?

MR. McNEIL: It is handled operating ratios.

MR. McNEIL: Page 3.

THE CHAIRMAN: All right.

MR. McNEIL: The first one appears to be the

same as the

of this

1935 was it?

. I am sure, I am

hundreds of one per cent.

. Four-hundred of one per cent; the next one

is A. Hamilton & Co., is it?

THE CHAIRMAN: Just a minute now; this is

it? It is the same, I am not sure to which

it is the same

is the same

shown as having losses.

THE COMMISSIONER: Those that are in red.

MR. McRUER: Yes, to see what percentage they have.
The first one is four-tenths of one per cent. The next
5 one is A. Burritt --

BY THE COMMISSIONER: Q. Total sales there means
total sales of all companies ? A. Yes, of all
companies in this.

A. All right.

10 BY MR. McRUER: Q. The next one, A. Burritt shows
a loss of eight per cent ? A. Yes, and they
have two-tenths of one percent of the business.

A. Then, the next one is Dominion Knitting Mills
isn't it ? A. Henry Davis, isn't it ?

15 A. Yes; that shows a loss of .1 per cent and they
have six-tenths of one per cent ? A. Six-tenths
of one per cent. The next one is Dominion Knitting
Mills.

20 Q. What percentage have they got ? A. They
have one-half of one per cent.

BY THE COMMISSIONER: Q. Of the business, of
the sales ? A. Yes, and a loss of .2 per
cent.

25 BY MR. McRUER: Q. And the next one ? A. The
next one is Barrie Mills. They have three-tenths
of one per cent of the business and they show a loss
of .3 per cent.

30 BY THE COMMISSIONER: Q. You call it Barrie
Knitting Mills ? A. Harris, I mean, excuse
me, Harris. They have a loss of three-tenths of one

per cent.

BY MR. McRUER: Q. And the next? A. The next is L.O. Hudson who show a loss of 5.8 per cent and have four-tenths of one per cent of the business. The next one is Jersey's Limited.

BY THE COMMISSIONER: Q. Jersey's Limited? A. Who show a loss of .8 per cent and have four-tenths of one per cent. The next one is Mercury Mills who show a loss of .3 per cent and have 5.8 per cent of the business. The next one is -- well, that is the Cosmos Underwear Company which is a subsidiary of the Ontario Silkknit Limited. They show a loss of 2.5 per cent and have one-tenth of one per cent of the business. The next one is Summit Dyeing Company which show a loss of 2.1 per cent and have seven-tenths of one per cent of the business. The next one in that year is Williams Trow Knitting Company, is it?

BY MR. McRUER: Q. Yes, I think so? A. They show a loss of 3.5 per cent and have one-tenth of one per cent of the business.

Q. I just want to get the percentage of the business that is shown to be in the red.

THE COMMISSIONER: In the red -- oh, the total percentage.

BY MR. McRUER: Q. The total percentage, 9.7 per cent? A. 9.5 per cent.

Q. So that 90.5 per cent of the business is shown to have been profitable according to these statements?

A. Yes.

Q. And of the 9.5 per cent that is shown to be

in the red 5.8 per cent of that is taken up by the one mill, Mercury Mills ? A. Yes.

Q. I think that is all, Mr. Howson, on that statement.

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CROSS EXAMINED BY MR. KELLOCK:

Q. Mr. Howson, on this sheet you are looking at net profit there, of course, again is before bond interest and income tax ? A. Yes sir.

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Q. And does it take into consideration bank interest ?

THE COMMISSIONER: Does it take what ?

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MR. KELLOCK: Does it take into consideration bank interest, my lord. A. I think it is the same as before, Mr. Kellock. It takes into consideration bank interest.

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BY THE COMMISSIONER: Q. That is, it is arrived at after allowing for bank interest ? A. Yes, but before bond interest and income tax.

BY MR. KELLOCK: Q. On page 1 -- no, page 2 of the same exhibit, Mr. Howson, -- A. That is Profit and Loss and Surplus Summary ?

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Q. Yes; the last line, net profit from operations, that is the same kind of net profit, isn't it ? A. Yes.

Q. Would you be good enough to add to that exhibit on that page the percentage of final net profit to total capital invested. On pages 7 and 8 of the Exhibit which is headed "Total net profit" that again is before bond interest and income tax ? A. Yes.

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Q. On page 12 you deal with certain representative

companies; which ones are they ? A. I will have to wait till Mr. Davidson comes to find that.

Q. All right, you might give me that then. Then, on page 13 would you add another percentage at the foot of that page in the same way, the final net profit to the total capital invested ? A. That is the last page ?

Q. No, it is the second last page, final net profit to the total capital invested, and on the last page in the same way, fill out the percentages. On that last page, page 14-- no, I am referring to the other exhibit, Mr. Howson, that is No. 1070 ? A. The individual companies, you mean ?

Q. The individual companies, yes, and it is page 7 of that exhibit as I have numbered it ? A. What is the heading ?

Q. It is the memo "Re Earnings Accruing to Securities issued for goodwill and inflated book values"; have you got that sheet ? A. Yes.

Q. Now, you see there at the foot of that page Reserve account of \$2,900,000., Accumulated surplus of \$1,500,000., or a total figure of \$4,510,696.; do you see that figure ? A. Yes.

Q. Now, on your sheet which is headed "Summarized Balance Sheets," it is page 3 ? A. Yes.

Q. In the right-hand column at the bottom you have reserve fund -- oh, I am answering my own question. This deals with one company; is that right ? A. Yes, this deals with Penmans.

Q. And the sheet we looked at before deals with

companies; which ones are they?
A. I will
to wait till Mr. Davidson comes to find out.
All right, you might give me that then.
on page 13 would you add another percentage at the
of that page in the same way, the final net profit
the total capital invested?
A. What is the
page?
No, it is the second last page, final net pr
fit to the total capital invested, and on the last
in the same way, fill out the percentages. On that
page, page 14-- no, I am referring to the other exhi
Mr. Howson, that is No. 1070?
A. The indivi
dual companies, you mean?
The individual companies, yes, and it is pag
7 of that exhibit as I have numbered it?
A. Yes.
is the heading?
It is the memo "Re Earnings According to Acoun
rities Wasted for Goodwill and Inflated Book Values"
have you got that sheet?
A. Yes.
Now, you see there at the foot of that page
of \$1,500,000., or a total figure of \$4,510,000.; do
you see that figure?
A. Yes.
Now, on your sheet which is headed "Summary
Balance Sheet," it is page 3?
A. Yes.
In the right-hand column at the bottom you h
reserve fund -- oh, I am answering my own question.
This deals with one company; is that right?
A. Yes.
at before deals with

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Penmans too? A. Yes.

Q. On this page on the right hand column bear the bottom you have reserve fund \$742,000., and surplus \$1,466,000.?

A. Yes.

5 Q. Those two do not add up to the same as this \$4,510,000. on page 7, and I cannot see what the difference is. I can see what the difference arithmetically is, but I don't see why it should be. A. On the page showing the summary of profit and loss and surplus accounts you will notice out of reserve account they transfer \$2,257,953.60 to goodwill account.

10 Q. What page is that? A. On the page -- on the two pages immediately prior to that single sheet.

15 Q. Page 5? A. Summary of Profit and Loss and Surplus Accounts, 1907 to 1935.

Q. Yes? A. That \$742,046.40 was after \$2,257,953. had been transferred and credited to goodwill account.

20 Q. Oh, I see? A. And the difference between the other figure, \$1,400,000. odd and the \$1,500,000. represents the adjustments at the foot of that page from inventory reserve that was not on the books.

25 Q. Adjustments at the foot of what page?

A. The page you are looking at.

Q. Page 5? A. Yes.

30 Q. I see, all right; now, in connection with this Exhibit 1070 on page 1, take the Monarch Knitting Company, for instance, would you add at the foot of

On this case on the right hand column bear
bottom you have reserve fund \$742,000., and surplus
\$1,400,000.?
A. Yes.
Those two do not add up to the same on this
\$4,510,000. on page 7, and I cannot see what the
difference is. I can see what the difference
is, but I don't see why it should be.
page showing the summary of profit and loss and an
plus accounts you will notice out of reserve account
they transfer \$2,357,938.00 to goodwill account.
On the page -
What page is that?
on the two pages immediately prior to that single
sheet.
Page 8?
A. Summary of Profit and
and Surplus Accounts, 1907 to 1908.
A. Yes? That \$742,046.40 was all
\$2,357,938. had been transferred and credited to
goodwill account.
A. Oh, I see? And the difference
when the other figure, \$1,400,000. odd and the
\$1,500,000. represents the adjustments at the foot
of that page from inventory reserve that was not
A. Adjustments at the foot of what page?
A. The page you are looking at.
A. I see. All right, now, in connection with
the balance sheet on page 1, take the Monitor K.M.I.
would you add at the foot of

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that page the same percentage, that is, the final net profit to total capital invested and the same for the other companies dealt with in the exhibit ?

5 A. When do you want this, Mr. Kellock? We are having a little difficulty getting this stuff all typed out.

Q. It is only a matter of adding a line to this?

10 A. Yes, I know, but there is quite a bit of typing in conjunction with it, and the girls are rather crowded right now. We have not got the first information you asked for yet.

Q. Well, as soon as it can be done ? A. However we will get it through as soon as we can.

Q. All right, thank you.

15 MR. McRUER: My lord, I will proceed now with the Carpet companies.

THE COMMISSIONER: No, the hosiery division.

20 MR. McRUER: Oh yes, I beg your pardon, I thought I was getting on too fast, the hosiery division. If your lordship will permit me I would like to put Mr. Shepard in now to prove an exhibit for which a number was left in connection with the reserve of the Dominion Textile Company. 947 is the number, Mr. Shepard tells me.

25 THE COMMISSIONER: That was the last time Mr. Gordon gave evidence ?

ALFRED SHEPARD, Sworn.

EXAMINED BY MR. McRUER:

30 Q. You are a member of the firm of Thorne, Mulholland, Howson & McPherson ? A. Yes.

that page the same presentation, that is, the time
 not profit to total capital invested and the same for
 the other companies dealt with in the exhibit?

A. When do you want that, Mr. Kellogg? We are dealing
 a little differently dealing with all typed out
 . It is only a matter of adding a line to this

A. Yes, I know, but there is quite a bit of typing
 comparison with it and the girls are in that crowd
 right now. He have not got the right information

You asked for that.
 . Well, as soon as it can be done? A. How
 we will get it through as soon as we can.

. All right, thank you.
 Mr. Kellogg: My lord, I will proceed now with
 correct companies.

THE COMMISSIONER: No, the history division.
 I was getting on too fast, the history division. I

Your lordship will permit me I would like to put in
 regard in now to prove an exhibit for which a number
 and left in connection with the records of the Court

THE COMMISSIONER: That was the last time Mr.
 Mr. Kellogg: My lord, I will proceed now with

Mr. Kellogg: My lord, I will proceed now with
 Mr. Kellogg: My lord, I will proceed now with

Mr. Kellogg: My lord, I will proceed now with
 Mr. Kellogg: My lord, I will proceed now with

A. Yes.

Q. And you are a chartered accountant ? A. Yes.

Q. How long have you been practicing as a chartered accountant ? A. About 20 years.

5 Q. You were asked to make an investigation in regard to the Inventory reserve of the Dominion Textile Company ? A. Yes.

Q. You have made that investigation ? A. Yes.

10 Q. Now, in the first place, Mr. Gordon has told us they had one reserve which was at one time a million dollars and at another time \$1,500,000., and is now I think \$1,000,000. against raw cotton ? A. Yes.

15 Q. Now, in addition to that there is a reserve worked out on the basis of certain pricing of raw cotton when it is put into process as distinct from market price and by applying certain discount and certain values in a more or less arbitrary way. Mr. Gordon gave evidence in connection with that. Now, have you made a calculation since the year 1915 which would show the amount of the reserve at different periods ?

20 A. Yes, I have.

Q. You have it here .

25 THE COMMISSIONER: What did you say, or have you said what the foundation is for it ? Is it cost or market whichever is lower, the difference between that and what --

30 BY MR. McRUER: Q. You take the figure that they took it into their inventory at and what figure do you compare it with ? A. I compare it first of all with the figure before deducting summary and percentage

A. Yes.

Q. And you are a chartered accountant? A. Yes.
Q. How long have you been practicing as a chartered accountant?

A. About 20 years.

Q. You were asked to make an investigation in regard to the Inventory reserve of the Hamilton Textile Company?

A. Yes.

Q. You have made that investigation? A. Yes.
Q. Now, in the first place, Mr. Gordon has told you they had one reserve which was at one time a million dollars and at another time \$1,500,000., and is now

I think \$1,000,000. against the cotton? A. Yes.
Q. Now, in addition to that there is a reserve worked out on the basis of certain pricing of raw cotton when it is put into process as distinct from market price and by applying certain discount and certain values in a more or less arbitrary way. Mr. Gordon gave evidence in connection with that. Now, have you made a calculation since the year 1915 which would show the amount of the reserve at different periods?

A. Yes, I have.

Q. You have it here.

THE COMMISSIONER: What did you say, or have you said what the foundation is for it? Is it on the basis of what is here, the difference between

the market value and the value of the cotton as it is put into process, is that right? A. Yes, that is right. The difference between the market value and the value of the cotton as it is put into process, is that right? A. Yes, that is right.

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discounts to which reference has been made and with a figure based on using the average, or rather cost or market value whichever is lower for raw cotton in goods in process and finished goods at the end of the year.

5 Then, in addition there are other adjustments up and down. Shall I go into those ?

Q. I want to know the basis of your statement ?

A. That is the fundamental basis.

Q. Now, in the first place this exhibit has nothing to do with raw cotton in the bale ? A. No.

Q. That is dealt with independently, but it does deal --

MR. HEWARD: I beg your pardon, Mr McRuer, it has.

15 BY MR. McRUER: Q. I believe there is one point where it has ? A. Yes, I am sorry. There are three years where that applies.

Q. Well, we might start there. Mr. Gordon told us that for the purpose of inventory raw cotton in the bale was valued at cost or market whichever was lower, then, they carried against that valuation a reserve which is now \$1,000,000. and was at other times as high as \$1,500,000.

20 MR. HEWARD: Mr. Gordon said "market."

MR. McRUER: Market.

THE COMMISSIONER: Regardless of whether it was higher than cost or lower ? A. Market is the figure except in the three years.

30 Q. Except what ? A. In the three years I will refer to.

accounts to which reference has been made and with
figure based on using the average, or rather cost of
in process and finished goods at the end of the year.
Then, in addition there are other adjustments to be
down. Shall I go into these?
I want to know the basis of your statement?
Now, in the first place this exhibit is no-
thing to do with raw cotton in the sale? A. No.
That is dealt with independently, but it does
deal --
A. Yes, I am sorry. There are
three years where that applies.
A. Well, we might start there. Mr. Gordon told
that for the purpose of inventory raw cotton in the
bale was valued at cost or market whichever was lower.
then, they carried against that valuation a reserve
high as \$1,500,000.
Mr. HENARD: Mr. Gordon said "market".
market is the
than cost or lower?
A. Market is the
three years.
A. In the three years I

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13304

Shepard

BY MR. McRUER: . Then, did you find that was true over the whole period, that it was carried into the financial statement at market ? A. With the exception of three years.

5 Q. Which years were those ? A. 1918, 1923 and 1927.

Q. Now, what did they do in those three years ?

A. The inventory of raw cotton was stated at less than market value existing at the close of the fiscal year, 10 that is, March 31st.

Q. By how much in the respective years ? A. In gross amount ?

Q. In each year ? A. In 1918 \$2,086,086.97.

MR. GORDON: That did not apply to raw cotton only. 15 That was your correction over the whole inventory.

THE WITNESS: That is the correction applying to raw cotton over the whole inventory, that is, in the bale, and process and finished goods.

BY THE COMMISSIONER: Q. How do you relate this 20 to 1918 ? A. Pardon ?

Q. How do you relate this figure to 1918 ?

A. That is the year in which it occurred. That is one of the years in which raw cotton was valued at less 25 than market.

Q. What does the figure that you gave us -- what does that represent ? A. That is to adjust the value of raw cotton throughout the whole inventory, both in the bale , in process and in the finished 30 stock.

BY MR. McRUER: Q. Can you give me the figure to

1904

REPORT

... over the whole period, that it was carried into
the financial statement at market? ... with the
exception of three years.
... 1907.

... Now, what did they do in those three years?
... The inventory of raw cotton was stated at less than
market value existing at the close of the fiscal year
... that is, March 31st.
... By how much in the respective years? ... In
gross amount?

... In each year? ... In 1918 \$2,086,085.9
... That did not apply to raw cotton on
... That was your correction over the whole inventory.
... That is the correction applying to
raw cotton over the whole inventory, that is, in the
bales, and process and finished goods.

... 1918?
... That is the year in which it occurred. That is on
of raw cotton in bales and process and finished goods
... market.

... What does the figure that you gave us --
... That is to adjust
the value of raw cotton throughout the whole inventory
... in the bales, in process and in finished
... Can you give me the figure to

adjust it in the bale only ?

A. No, I just have

it in one total .

Q. Then, I better not examine you in the way I intended to because I intended to distinguish between raw cotton in the bale and the cotton in process because
5 as against the inventory of raw cotton in the bale they carried a reserve of a million to a million and a half dollars ?

A. Yes.

Q. And I wanted to deal with that separately if I
10 could. You say you have not got that ? A. No.

Q. Then, we will go back to 1916 and see what your corrections are, or 1915. You have a table of these prepared ?

A. Yes.

THE COMMISSIONER: This is not Exhibit No. 947 ?

15 MR. McRUER: Yes, my lord, it is to come in as 947.

EXHIBIT No. 947: Summary of Inventory
adjustments for Dominion
Textile Company.

MR. HEWARD: It replaces the figures which were
20 established by Mr. Howson, is that it ?

MR. McRUER: Yes, they were subject to correction.
Well now, in 1915 this inventory reserve as distinguished
from the inventory reserve against raw cotton amounted
to \$1,203,655.87; is that correct ?
25 right.

Q. Now, what was the inventory reserve against
raw cotton of that year ? A. \$500,000.

Q. In 1916 this inventory reserve on goods in
30 process was raised to \$1,278,198.99 ? A. That in-
cludes inventory discounts, Mr. McRuér. It is the total

Q. Then, I better not examine you in the way I

intended to because I intended to distinguish between

raw cotton in the bale and the cotton in process between

against the inventory of raw cotton in the bale

they carried a reserve of a million to a million and a

half million?

A. And wanted to deal with that separately if I

could. You say you have not got that? A. No.

Q. Then, we will go back to 1916 and see what you

instructions are, or 1915. You have a table of these

instructions?

A. Yes, I have. This is not Exhibit No. 247?

Q. Yes, my lord, it is the same as the

instructions?

A. Yes, my lord. This is not Exhibit No. 247?

Q. Yes, my lord. This is not Exhibit No. 247?

A. Yes, my lord. This is not Exhibit No. 247?

Q. Yes, my lord. This is not Exhibit No. 247?

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A. Yes, my lord. This is not Exhibit No. 247?

Q. Yes, my lord. This is not Exhibit No. 247?

A. Yes, my lord. This is not Exhibit No. 247?

of the two.

Q. The total of the two ?

A. Yes.

Q. Goods in process and finished goods ? A. Goods in process--

5 BY MR. EDWARD: Q. Excuse me does that remark apply to 1915 and 1916 ? A. Yes, and inventory discounts as well.

BY MR. McRUER: Q. This is in addition to the raw cotton reserve ? A. Yes.

10 Q. What was the raw cotton reserve in 1916 ?

A. \$500,000.

Q. When was it changed to a million ? A. In 1919.

15 Q. Then, in 1919 it was raised to one million ? A. Yes.

Q. Then, when was it raised to \$1,500,000.?

A. 1922.

Q. When was it reduced then to the million ?

20 A. It was reduced in 1936 -- no, 1932 it was reduced to \$500,000. and in 1936 it was brought back again to one million.

25 Q. All right; so that these figures that are shown on this sheet as inventory reserve not disclosed in the balance sheet are in addition to this raw cotton inventory reserve which fluctuated from \$500,000. to \$1,500,000 ? A. Yes, that is right.

30 Q. So that when we go to 1918, for instance, you show an inventory reserve of \$3,149,562.26 -- no, that is 1919, wait a minute ? A. That is 1918.

Q. 1918; then, the raw cotton reserve amounted

Q. The total of the two?
A. Yes.
Q. Goods in process and finished goods?
A. Goods in process--
BY MR. HUNTER: Q. Excuse me does that mean
counts as well.
BY MR. HUNTER: Q. This is in addition to the
cotton reserve?
A. Yes.
Q. What was the raw cotton reserve in 1916?
A. In 1916, when was it changed to a million?
Q. Then, in 1919 it was raised to one million?
A. Yes.
Q. Then, when was it raised to \$1,500,000?
A. When was it reduced then to the million?
A. It was reduced in 1928 -- no, 1928 it was reduced
\$500,000. and in 1928 it was brought back again to
one million.
on this sheet as inventory reserve not disclosed in
the balance sheet are in addition to this raw cotton
inventory reserve which fluctuated from \$500,000. to
\$1,500,000?
A. Yes, that is right.
Q. So that when we go to 1916, for instance, to
show an inventory reserve of \$8,149,528.28 -- no, it
is 1916, what is 1916?
A. That is 1916.

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to \$1,000,000. that year did it ? A. \$500,000.

Q. \$500,000 in 1918; when did it become
\$1,000,000. ? A. 1919.

Q. So that the total reserve as against inventory
in 1918 would be \$3,649,662.26 ? A. Yes.

Q. And the total reserve as of to-day would be
\$2,360,096.16 ? A. Yes.

THE COMMISSIONER: Where did you get that ?

MR. McRUER: The last figure on the list, my lord.

A. Plus one million dollars.

Q. Plus one million dollars against raw cotton ?

BY THE COMMISSIONER: Q. Is it right to say that
the undisclosed reserve to-day is \$1,360,096.16 ; is
that right ? A. That is what I would think.

MR. McRUER: Two million --

THE COMMISSIONER: I say undisclosed .

MR. McRUER: The one million was not disclosed in
the balance sheet.

THE COMMISSIONER: I thought it was.

MR. McRUER: No, it just said raw cotton less re-
serve, but the amount of it was not disclosed in the
balance sheet.

THE COMMISSIONER: Does any taxation question
arise here ?

MR. McRUER: I think there is, my lord. What it
amounts to one does not know without looking up these
business profits.

THE COMMISSIONER: Does that apply to that one
million dollars as well as this \$1,360,000.

MR. McRUER: I think it applies principally to this

12507

Shops

\$1,000,000. that year did it ?

\$500,000 in 1918; when did it become

\$1,000,000. A. 1918.

So that the total reserve as against inventory

in 1918 would be \$3,640,000. A. Yes.

And the total reserve as of to-day would be

\$2,380,000. A. Yes.

THE COMMISSIONER: Where did you get that ?

MR. McRUR: The last figure on the list, my lord.

Yes, my lord.

Q. Plus one million dollars against raw cotton ?

BY THE COMMISSIONER: Is it right to say that

the undisclosed reserve to-day is \$1,380,000. Is it

that right ? A. That is what I would think.

MR. McRUR: Two million --

THE COMMISSIONER: I say undisclosed.

MR. McRUR: The one million was not disclosed in

the balance sheet.

THE COMMISSIONER: I thought it was.

MR. McRUR: No, it just said raw cotton less re-

serve, but the amount of it was not disclosed in the

balance sheet.

THE COMMISSIONER: Does any taxation question

arise here ?

MR. McRUR: I think there is, my lord. What is

amounts to one does not know without looking up the

balance sheet.

THE COMMISSIONER: I have just said that

will be as well as the \$1,380,000.

MR. McRUR: I think it is right to say that

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The one million was disclosed, wasn't it, on the Business Profits Tax, Mr. Gordon ? Can you tell me that?

5 MR. GORDON: Yes, my information is, sir, that the one million reserve and the additions to it were all disclosed in the years they were created.

MR. McRUER: I thought that is what you said, at any rate, but there is no suggestion, I don't think, of the disclosure of this angle of it.

10 THE COMMISSIONER: That is the valuation of the inventory.

MR. McRUER: Yes, my lord. That is all I want from Mr. Shepard.

15 THE COMMISSIONER: Mr. Heward.

CROSS EXAMINED BY MR. HEWARD:

Q. Now, Mr. Shepard, I understand you said you are a partner of Mr. Howson ? A. Yes.

20 Q. And if you told the whole story you were also president of the Dominion Chartered Accountants Association, were you not ? A. Yes.

25 Q. I think you saw Mr. Gordon's memorandum of October 30th and 31st of this year to Mr. Howson which has been filed as Exhibit 945 in which he describes in a general way the method in which they take the inventory of process and packed goods and supplies ? A. Yes, I saw that memorandum.

Q. And raw cotton ? A. Yes.

30 Q. Now, you and your Associate, Mr. Moore, have, since Mr. Gordon wrote that letter, you have been examining the inventory records of the company with the

company officials ?

A. Yes.

5 Q. And subject to the qualifications as to these three years which you have just mentioned do you consider that Mr. Gordon's memorandum gives a proper summarized description of the Dominion Textile Company's inventory system ?

A. It is some little time since I read that memorandum but I think it does, except in column three where we show allowance for certain inter-departmental profit.

10 Q. He mentions in his memorandum, if my recollection is correct, that when the goods were taken into a converting mill they were taken in at a different figure, or he mentions that in his evidence?

A. Well, I do not recall that being in the memorandum.

15 Q. He mentioned that in his evidence, that the goods were taken in at an arbitrary figure and then discounted; that is right ?

MR. GORDON: Yes, it was not very clear in the memorandum.

20 BY MR. HEWARD: Q. Now, in regard to Income Tax and the War Profits Tax to which brief reference has been made is it not correct to say that there are no fixed or set rules or regulations in the Income Tax Department as to the methods of taking inventory.

25 MR. McRUER: I don't know that Mr. Shepard --

THE WITNESS: Methods of taking or valuing ?

BY MR. HEWARD: Q. Valuing, if you like ?

A. Well, I don't know whether I can speak for the Department.

30 MR. McRUER: Mr. Elliott gave us a very definite

... and subject to the qualifications as to the three years which you have just mentioned do you consider that Mr. Gordon's memorandum gives a proper balanced description of the Dominion Textile Company's inventory system? ... It is some latitude since I read that memorandum but I think it goes, good in column three where we show allowance for inter-departmental profit.

... he mentions in his memorandum, if my recollection is correct, that when the goods were taken into a verifying mill they were taken in at a different place or he mentions that in his evidence? ... I do not recall that being in the memorandum.

... he mentioned that in his evidence, that the goods were taken in at an arbitrary figure and then disallowed; that is right?

MR. BRYDIE: Yes, it was not very clear in the

BY MR. BRYDIE: Now, in regard to income and the War profits tax to which direct reference has been made is it not correct to say that there are no like or set rules or regulations in the Income Tax Department as to the methods of taking inventory.

MR. BRYDIE: I don't know that Mr. Elliott --

MR. BRYDIE: Methods of taking or valuing?

BY MR. BRYDIE: Valuing, if you like?

Well, I don't know whether I can speak for the

... Elliott gave us a very definite

statement on Saturday.

THE WITNESS: I know what my understanding is ?

BY MR. HEWARD: Q. Would you tell us your understanding of the regulations? As an Auditor you must come into contact with that many times ? A. Cost or market whichever is lower.

Q. Invariably ? A. Practically so.

Q. Is it not the case that they, in many cases, simply require that the basis be constant at the beginning -- the same basis at the beginning as at the end of the period ? A. No, I have not heard of any ruling to that effect.

Q. Well, I am instructed in this case that up to and including the year 1933 our clients, the Dominion Textile Company, were called upon to certify that the inventory included in their return was taken on the same basis at the beginning as at the end of the period. Have you ever come across certificates to that effect on Income Tax returns ? A. Not on Income Tax returns; a certificate of that kind used to be required on Business Profits returns, but the certificate required on income tax returns is to state the basis at the end of that year.

Q. Before 1933, and as I find, invariably, we find we were called upon to make this certificate in our return ? A. I am just speaking from memory.

Q. Just speaking from memory; now, we are called upon, I am informed -- will you tell me if this is right -- to make a certificate to this effect, inventory of raw cotton is taken at market values and

Statement of Mr. Brydie.

THE WITNESS: I know what my understanding is.

BY MR. HENNING: Would you tell us your

understanding of the legal position in relation to the

into contact with that many times?

What is your understanding of that?

Is it not the case that they, in many cases

simply require that the basis be constant at the be-

ginning -- the same basis at the beginning as at the

end of the period?

A. No, I have not heard

any ruling to that effect.

A. Well, I am instructed in this case that up

and including the year 1953 our clients, the Brydie

family, have been advised that they should

inventory included in their return as taken on the

same basis at the beginning as at the end of the pe-

Have you ever come across certificates to that effect

on Income Tax returns?

A. Not on Income Tax

returns; a certificate of that kind used to be re-

quired on Business Profit returns, but the certifi-

required on income tax returns is to state the basis

at the end of that year.

A. Before 1953, and as I find, invariably, was

we were called upon to make this certificate in our

A. I am just speaking from memory.

That is correct, but we are called

upon, I am informed -- will you tell me if this is

right -- to make a certificate to this effect, inven-

ment of the return is that it is not correct.

13311

Shepard

inventory of goods in process and finished goods taken at constant values. Have you ever seen that requirement ? A. No, I haven't.

Q. Do you know if the Department does accept a return of that kind ? A. No, I don't.

Q. I am instructed -- perhaps I ought to correct the impression I gave -- I am instructed the Department do not insist in our giving it in this form but it is their practice to expect it in this form; do you know if that is the case in companies you audit for ?

A. No, my experience is the basis is cost or market whichever is lower, that is required.

MR. McRUER: You must have some special arrangement.

MR. HEWARD: No, it is a long practice dating back since Income Tax started until 1933 when it was changed, apparently with the approval of the Department.

MR. McRUER: My nose goes back a little further than that.

MR. HEWARD: Pardon ?

MR. McRUER: I say my nose is a little longer than that.

MR. HEWARD: Your what ?

MR. McRUER: My nose.

MR. HEWARD: We cannot go further back than that for Income Tax.

MR. McRUER: Well, the other is more important.

MR. HEWARD: Eh?

MR. McRUER: The other is more important.

1931

Edward

Inventory of goods in process and finished goods at constant values. Have you ever seen that report?

Yes, I haven't.

Do you know if the department does accept a

return of that kind? No, I don't.

I am instructed -- perhaps I ought to bring

the impression I have -- I am instructed the Report

is not to be made in this form; do you know

their practice to expect it in this form; do you know

if that is the case in companies you visit for?

No, my experience is the basis is cost or market

whichever is lower, that is required.

Yes, you must have some special arrangement.

Yes, it is a long process, but

back since income tax started until 1930 when it was

changed, and recently with the approval of the Department.

ment.

Mr. Morrison: My name goes back a little further

than that.

Mr. Morrison: What?

Mr. Morrison: I say my name is a little longer

than that.

Mr. Morrison: Your what?

Mr. Morrison: We cannot go further back than that.

Mr. Morrison: We cannot go further back than that.

Mr. Morrison: We cannot go further back than that.

Mr. Morrison: We cannot go further back than that.

Mr. Morrison: We cannot go further back than that.

Mr. Morrison: We cannot go further back than that.

Mr. Morrison: We cannot go further back than that.

Mr. Morrison: We cannot go further back than that.

13312

Shepard

BY MR. HEWARD: Q. Now, in going through the

records did you ascertain that the Dominion Textile Company had explained its inventory methods to the Income Tax Department in a memorandum of the 29th of November, 1934 ?

A. No, I did not go over the Income Tax file at all. I was simply dealing with the inventory.

Q. Now, as to the three years, 1918, 1923 and 1927, when you mentioned that the raw cotton in the bale had been taken into the inventory at a figure less per pound than the closing market price as of March 31st of those years ; you stated that ?

A. Yes.

Q. Is it not because that in 1918 and 1923 there was a drastic drop in raw cotton values between March 31st and the date of the issuance of the company's annual figures ?

A. Yes, from the information -- from trading information that we saw that occurred.

MR. McRUER: They had a reserve of \$1,500,000. in 1923.

BY MR. HEWARD: Q. Do you consider, Mr. Shepard, that the steps taken in this regard, namely when the drastic fall had occurred between the datum date of March 31st and the issuance of their figures, do you consider the steps taken in this regard of adjusting prices accordingly were proper from an auditor's standpoint ?

A. Yes, I do, except that I would say it should be shown by way of reserve or some disclosure made in the statement.

Q. Isn't it simply to show -- isn't the putting

1931

Sheppard

Q. Now, as to the three years, 1918, 1928 and 1937, when you mentioned that the raw cotton in the bale had been taken into the inventory at a figure per pound then the closing market price as of March 31st of those years; you stated that?

A. No, I did not go over the Income Tax file at all. I was simply dealing the inventory.

Q. Now, as to the three years, 1918, 1928 and 1937, when you mentioned that the raw cotton in the bale had been taken into the inventory at a figure per pound then the closing market price as of March 31st of those years; you stated that?

A. No, I did not go over the Income Tax file at all. I was simply dealing the inventory.

Q. Now, as to the three years, 1918, 1928 and 1937, when you mentioned that the raw cotton in the bale had been taken into the inventory at a figure per pound then the closing market price as of March 31st of those years; you stated that?

A. No, I did not go over the Income Tax file at all. I was simply dealing the inventory.

Q. Now, as to the three years, 1918, 1928 and 1937, when you mentioned that the raw cotton in the bale had been taken into the inventory at a figure per pound then the closing market price as of March 31st of those years; you stated that?

A. No, I did not go over the Income Tax file at all. I was simply dealing the inventory.

Q. Now, as to the three years, 1918, 1928 and 1937, when you mentioned that the raw cotton in the bale had been taken into the inventory at a figure per pound then the closing market price as of March 31st of those years; you stated that?

A. No, I did not go over the Income Tax file at all. I was simply dealing the inventory.

12313

Shepard

of that figure in -- isn't that figure chosen because it more truly reflects the real value than the other figure? Wouldn't it be very misleading to put the other figure in? A. Well, reducing it to the figure that was used to a certain extent, or rather, to that extent anticipates losses that occurred after the close of the year.

Q. And before the figures came out? A. Before the figures came out. I think the actual reduction in value was all right but I would think there should be some disclosure, either doing it by way of a reserve or indicating in the report the basis that had been used.

MR. McRUER: It is the annual statement of the affairs as of that date. It does not say the affairs as of some other date.

THE COMMISSIONER: I suppose as of that date means the end of the company's fiscal year.

MR. HEWARD: Yes.

THE COMMISSIONER: This decline you are talking about here would appear to have been in the next fiscal year. You have put aside a reserve of a million dollars.

MR. HEWARD: Here was a very serious drop that had occurred and you were going to put your raw cotton value in. If you put your raw cotton value in and said that much less reserve you were giving, I maintain, and I am told by auditors, you were giving a false figure. You might have put the whole thing in and then added to the reserve, but here was a sudden drop which occurred in a few weeks following March 31st, and I

1881

of that figure in -- I don't think that figure chosen because
it more truly reflects the real value than the other
figures? Wouldn't it be very misleading to put the
other figure in? A. Well, to the figure that was used to a certain extent, or
rather, to that extent anticipated losses that occur
after the close of the year.

.. and before the figures came out? .. Before
the figures came out. I think the actual reduction
value was all right but I would think there should be
some disclosure, either doing it by way of a reserve
indicating in the report the basis that had been used
MR. McRURK: It is the annual statement of the

affairs as of that date. It does not say the affairs
as of some other date.

THE COMMISSIONER: I suppose as of that date was
the end of the company's fiscal year.

MR. McRURK: Yes.

THE COMMISSIONER: This dealing you are talking
about here would appear to have been in the next fis-
cal year. You have put aside a reserve of a million
dollars.

MR. McRURK: Here was a very serious drop that had
occurred and you were going to put your new cotton

that much less reserve you were giving, I understand
I am told by auditors, you were giving a false
figure. You might have put the whole thing in and then
added to the reserve, but here was a drop in the
market in a few weeks following March 31st, and I

submit, and I am told by accountants that they would not let any company carry it in their books at that figure.

5 MR. McRUER: That is a most extraordinary way of showing a truthful statement, if you say that is the state of our affairs/^{as} of a certain date.

MR. HEWARD: You will have your opportunity to re-examine the witness.

10 MR. McRUER: You are just making a statement on what you are told, and I am cross-examining you, just now.

MR. HEWARD: You can ask the witness when the time comes for re-examination.

15 BY THE COMMISSIONER: Q. Do you know of any such practice by accountants as Mr. Heward says he is instructed exists ? A. I know the practice does obtain in some cases, but usually, as I said, there is disclosure --

Q. The whole thing seems to be a question of disclosure.

20 MR. HEWARD: Disclosure to ?

THE COMMISSIONER: To those who have a right to know, whoever they are..

25 BY MR. HEWARD: Q. You don't know whether or not it was disclosed to the Income Tax Department ? You say you have not looked at the Income Tax records ?

A. Not at all.

Q. I am instructed it was disclosed --

MR. McRUER: What ?

MR. HEWARD: The 1918 write down.

30 MR. McRUER: Do not suggest this reserve was disclosed ?

submit, and I am told by accountants that they would not let any company carry it in their books at that

figure.

MR. McRURK: That is a most extraordinary way of
stating a statement. It is not a statement at all. It is
state of our affairs at a certain date.

MR. McRURK: You will have your opportunity to
examine the witness.

MR. McRURK: You are just making a statement on
you are told, and I am cross-examining you, just now.

MR. McRURK: You can ask the witness when the
comes for re-examination.

BY THE COMMISSIONER: Q. Do you know of any
practice by accountants as Mr. Howard says he is in the
exists? A. I know the practice does obtain in some
cases, but usually, as I said, there is disclosure -
Q. The whole thing seems to be a question of

MR. McRURK: Disclosure to?
THE COMMISSIONER: To those who have a right to
know, whoever they are.

BY MR. McRURK: Q. You don't know whether or
it was disclosed to the Income Tax authorities? You
say you have not looked at the Income Tax records?
A. Not at all.

Q. I am instructed it was disclosed --

MR. McRURK: The 1918 was not.
MR. McRURK: Do not suggest this practice was dis-

closed?

13315

Shepard

MR. HEWARD: I am talking about the 1918 write down.
From March 31st on the prices of raw cotton had dropped.

MR. McRUER: It is 1918, 1923 and 1927.

MR. HEWARD: 1927 I am going to deal with in a
minute. Now, I understand there was no drastic drop
immediately after March 31st in 1927. It is quite
possible there might be other reasons for writing in
a different figure at that time, isn't it Mr. Shepard?

A. There may be other reasons.

Q. I mean quite legitimate reasons? A. Well, I
don't know what the reasons were.

Q. Well, I suggest this to you, supposing the
company had been carrying hedges which were yet unclosed
against their cotton and these hedges showed a very
serious potential loss by the time the figures were
coming out; wouldn't it be proper that should be off-
set against the value of the raw cotton they are
holding, should it not?

Page 13320 follows.

March 1937

1937

MR. HARRIS: I am talking about the 1937 write

from March 31st on the prices of raw cotton had 61

MR. MORRIS: It is 1918, 1928 and 1937.

MR. HARRIS: 1937 I am going to deal with in a

moment, but I am going to deal with the 1918 and 1928

immediately after March 31st in 1937. It is quite

possible there might be other reasons for writing

a different figure at that time, but I think it is

4. There may be other reasons.

5. I mean quite a different reason? A. Well

don't know what the reasons were.

6. Well, I suggest this to you, suggesting the

company had been carrying hedges which were not used

against their cotton and these hedges showed a very

serious potential loss by the time the figures were

coming out; wouldn't it be proper that should be of

set against the value of the raw cotton they are

holding, should it not?

MR. HARRIS: Yes.

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Shepard

5 A. Well, I think again as to disclosure, this purports to be a statement as of March 31st, and if these drops in value occurred they would have been shown thrown back in the previous year, which is sound business practice. They should be disclosed.

10 Q. That situation in regard to hedges might exist as of March 31st. The market might have been going up, and they might have been carrying unclosed hedges, and that would then affect the value of the cotton actually in stock, would it not? A. Yes.

Q. In other words, it would fix the price of cotton when the lower hedges were instituted, would it not, for those hedges?

15 THE COMMISSIONER: Do you mean that the company has bought futures?

MR. HEWARD: No, sold futures. On a rising market, if they sold futures they have offset their sales against inventory.

20 MR. McRURR: What is inventory reserve for then?

MR. HEWARD: I am going to deal with inventory reserve in a moment.

THE WITNESS: Are you asking my opinion?

25 MR. HEWARD: Yes. Would that be a proper procedure from the ordinary point of view?

THE WITNESS: Personally I would rather see it by way of reserve.

30 BY MR. HEWARD: Q. By way of reserve rather than just offering the cotton at a lower figure?

A. Yes.

A. Well, I think again as to disclosure, this
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 shown thrown back in the previous year, which is
 sound business practice. They should be disclosed.
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 from the ordinary point of view?
 THE WITNESS: Personally I would rather see it
 by way of reserve.
 BY MR. HENARD: 6. By way of reserve rather
 than just offsetting the cotton at a lower figure?

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Q. The effect on the results is the same?

It is just a matter of disclosure to the shareholders?

A. The final effect, yes.

Q. The final effect is the same? A. Yes.

5 Q. There is one thing I want to make quite clear before we go further, that apart from these three years, in which that write-down from the market price of March 31st took place, all these figures in Exhibit 947 have nothing to do with raw cotton in the bale? A. No.

10 Q. No, just these three figures, and those three figures in column 6? A. Column 5.

Q. I have called the first column the one with the dates. A. Oh yes, then column 6.

15 Q. Have you got them numbered differently? A. No, that is right.

Q. In column 6 those three figures represent the figure of the write-down as applied against raw cotton in the bale, and against cotton in goods in process and manufactured goods, they lump the whole thing together? A. Yes.

20 Q. Reference has been made from time to time to the actual reserve against raw cotton, which you have shown varied between \$500,000 and \$1,500,000, and which now stands at \$1,000,000.

25 THE COMMISSIONER: Am I clear on this, that that reserve was not disclosed to the shareholders in the annual reports?

30 MR. HEWARD: The actual amount of it was not, but it said: Raw cotton less reserve.

Q. The effect on the results is the same?

It is just a matter of disclosure to the shareholders.

A. The final effect, yes.

Q. The final effect is the same? A. Yes.

Q. There is one thing I want to make quite

clear before we go further, that apart from these

three years, in which that write-down from the

market price of March 31st took place, all these

figures in Exhibit 947 have nothing to do with raw

cotton in the bale?

A. No.

Q. No, just these three figures, and those

three figures in column 6? A. Column 5.

Q. I have called the first column the one with

the dates. A. Oh yes, then column 6.

Q. Have you got them numbered differently?

A. No, that is right.

Q. In column 6 those three figures represent

the figure of the write-down as applied against raw

cotton in the bale, and against cotton in goods in

process and manufactured goods, they lump the whole

Q. Reference has been made from time to time

to the actual reserve against raw cotton, which you

have shown varied between \$200,000 and \$1,200,000,

which now stands at \$1,000,000.

THE CHAIRMAN: Am I clear on this, that the

reserve was not disclosed to the shareholders in the

annual report?

MR. NEWARD: The actual amount of it was not,

but it said: Raw cotton less reserve.

MR. McRUER: I am just looking at the annual statement of 1927, when there was a sort of double reserve against raw cotton, one the difference between the writing back into the figures the market after it had declined a few months later, and there was also \$1,500,000 of this raw cotton reserve. There are those two that year, and there is not a tittle of a suggestion of a reserve in this statement to the shareholders.

MR. HEWARD: Mr. Gordon made it quite clear in his evidence the other day that no mention of reserves against raw cotton was made in 1932 or 1933.

THE COMMISSIONER: You mean from 1932 on.

MR. McRUER: I am talking now of the reserve that is carried along and which is now \$1,000,000, and I asked you if that was disclosed, and you said mention was simply made -- inventory so much, less reserve. But now you say that is only the case since 1932.

MR. HEWARD: I thought you were asking about the present situation.

MR. McRUER: 1933 is the first time the words creep in, "less reserve," -- raw cotton less reserve. Merchandise and supplies is shown, and there are no words "less reserve" after that.

MR. HEWARD: The law did not require it at that time.

MR. McRUER: It is not a question of law but of good conscience.

THE COMMISSIONER: Has the law been changed in

MR. MORRIS: I am just looking at the annual

statement of 1934, which shows a loss of \$1,000,000

reserve against raw cotton, and the difference between

the writing back into the figure the market after

had declined a few months later, and there was also

\$1,500,000 of this raw cotton reserve. There are

to be two that year, and there is not a little of a

suggestion of a reserve in this statement to the

effect of the reserve.

MR. MORRIS: Mr. Gordon made it quite clear in

his evidence the other day that no mention of re-

serve against raw cotton was made in 1933 or 1934.

MR. MORRIS: I am talking now of the reserve

that is carried along and which is now \$1,000,000

and I asked you if the two were dissimilar, and you said

mention was simply made -- inventory so much, loss

reserve. But now you say that is only the case in

1934.

MR. MORRIS: I thought you were asking about

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appear in "less reserve," -- raw cotton loss reserve.

Merchandise and supplies is shown, and there are no

words "less reserve" after that.

MR. MORRIS: The law did not require it at

1934.

MR. MORRIS: It is not a question of law but

of fact.

MR. MORRIS: Has the law been changed

since 1934?

that respect?

MR. HEWARD: The law has been changed in regard to inventory.

5 MR. McRUER: Talk about the law -- it is amazing that the directors should think that the shareholders who own the company are not entitled to know the position of the company.

THE COMMISSIONER: Was there any change made in the law about 1932 or 1933?

10 MR. McRUER: Yes, it was in 1935.

MR. GORDON: We anticipated the change; I do not know why, but it was anticipated, and we put it in.

15 THE COMMISSIONER: I never could really understand the practice of these directors in not telling the shareholders. They seemed to think it was best for them not to know. Were they afraid the shareholders might ask for larger dividends? However, as Mr. McRuier says, the company does belong to the shareholders, and the directors are only trustees, and
20 they have no right to make a false statement no matter what their motive might be.

MR. HEWARD: I do not think it was a false statement.

25 THE COMMISSIONER: Yes, it was. It was misleading. Nobody would know from reading the statement that there was \$1,000,000 or \$1,500,000 taken away from profits to meet a rainy day. That may have been a very good thing, no doubt, but I think the shareholders had a
30 right to know; and since your stock was listed on the

that property?

MR. BRYDIE: The law has been changed in regard

to inventory.

MR. McLENNAN: Talk about the law -- it is a law

that the directors should think that the shareholders

who own the company are not entitled to know the

position of the company.

THE CHAIRMAN: Now there are some cases in

the law about loss of 1935?

MR. McLENNAN: Yes, it was in 1935.

MR. BRYDIE: He anticipated the change; I do

not know why, but it was anticipated, and we are not

THE CHAIRMAN: I never could really under-

stand the practice of these directors in not telling

the shareholders. They seemed to think it was best

for them not to know. Were they afraid the share-

holders might ask for larger dividends? However, as

Mr. McLENNAN says, the company does belong to the

shareholders, and the directors are only trustees, and

they have no right to make a false statement in regard

to the company's affairs.

MR. BRYDIE: I do not think it was a false state-

ment.

THE CHAIRMAN: Yes, it was. It was misleading.

They would know from reading the statement that there

was \$1,000,000 or \$1,200,000 taken away from profits

so that a relief was. That may have been a very good

thing, but I think the shareholders had a

right to know the facts and to be able to judge for

stock exchange there was a further reason why everybody should know, it seems to me.

5 MR. McRUER: I have heard that this can happen. The poor shareholder does not know that this asset exists. The manager of the company and some of those interested know. The poor shareholder sells his stock at a low price, and they buy it up.

 MR. HEWARD: You are not accusing us.

10 MR. McRUER: I say they can do it, and I have heard rumours suggesting that such things have been done in some companies.

 MR. HEWARD: You are not accusing us.

15 MR. McRUER: I am accusing no one. It is such a simple method of defrauding the shareholders, that it is amazing.

 THE COMMISSIONER: I was speaking quite in the abstract, and I think Mr. McRuer was too.

 MR. McRUER: Absolutely.

20 THE COMMISSIONER: I have not been able to understand how the directors could justify doing these things, not since the beginning. The proper thing to do is to tell the shareholders: "We have this \$1,000,000 put away, and it would be very unwise if you did not allow us to do it." Let the shareholders decide for themselves, because it is their profits, whether they should be disposed of today in the way of dividends or put aside. However, you say that the law has been changed and that the directors must now
25 disclose the fact.
30

 MR. HEWARD: It must be shown on their balance

stock exchange there was a further reason why every-
body should know, it seems to me.

MR. McRUM: I have heard that this can happen.
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those interested know. The poor shareholder sells
his stock at a low price, and they buy it up.

MR. McRUM: You are not accusing us.
MR. McRUM: I say they can do it, and I have
heard rumours suggesting that something have
gone in some companies.

MR. McRUM: You are not accusing us.
MR. McRUM: I am accusing no one. It is a
simple method of obtaining the shareholders' trust
it is amazing.

THE COMMISSIONER: I was speaking quite in the
abstract, and I think Mr. McRum was too.
MR. McRUM: Absolutely.

THE COMMISSIONER: I have not been able to
understand how the directors could justify doing these
things, not alone the beginning. The proper thing
to do is to tell the shareholders: "we have this

\$1,000,000 put away, and it would be very kind if
you did not allow us to do it." But the shareholders
decide for themselves, because it is their profits.
whether they should be disposed of today in the way
of dividends or put aside. However, you say that it
has been changed and that the directors must not

sheet.

MR. MCURER: I have read both Acts, and I do not think the law has been changed very much, except to specify more clearly what should be set out. The companies were required before to give a statement of assets and liabilities.

THE COMMISSIONER: I have no doubt that there must be penalties for giving false statements.

MR. MCURER: There is a clause in the Companies Act in the Statutes of 1927 which says, in section 136, paragraph (m):

"Every balance sheet shall be drawn up so as to distinguish severally at least the following classes of assets and liabilities," namely, cash, stock in trade, and (m) amount written off on account of depreciation of plant, machinery, good will and similar items. There is not very much change as far as that goes, except that the amendment sets out in a lot of items what must go in.

MR. HEWARD: Is that section 136?

MR. MCURER: Yes.

MR. HEWARD: You are reading from the 1927 Act. Didn't you say it was the 1934 Act?

THE COMMISSIONER: I asked what the change was.

MR. MCURER: I was quoting from the 1927 Act. That is as it was before, and one specific thing that must be set out is the stock in trade. That means the actual stock in trade surely, not some fanciful figure. Then I come to the Act of 1935, section 17, subsection 2 (m):

sheep.

MR. McNEIL: I have read both Acts, and I do think the law has been changed very much, except to specify more clearly what should be set out. The companies were required before to give a statement of assets and liabilities.

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MR. McNEIL: Is that section 136?

MR. McNEIL: Yes.

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Didn't you say it was the 1924 Act?

THE COMMISSIONER: I asked what the change was.

MR. McNEIL: I was quoting from the 1927 Act.

What is as it was before, and one specific thing that must be set out is the stock in trade. The actual stock in trade entirely, not some item in it. Then I come to the Act of 1927, section 17, paragraph 2 (m):

"Every balance sheet shall be drawn up so as to distinguish severally at least the following classes of assets, namely,

(d) inventory, if any, stating the basis of valuation adopted and the manner in which such value has been determined in respect of various subdivisions of such inventory."

THE COMMISSIONER: That seems clear.

MR. McRUER: That is quite clear, and it was under that section in 1936 that this company published their annual statement in regard to the inventory which reads, merchandise and supplies based on cost or market, whichever is lower, \$1,300,000.

BY MR. HEWARD: Q. Now, Mr. Shepard, the reserve at the present time as against raw cotton in the bale is \$1,000,000, is it not? A. Yes, at March 31, 1936.

Q. At the end of March, 1936? At that time the figures that you prepared show that there was nearly 22,000,000 pounds of raw cotton on inventory. Is not that right, 21,932,934 pounds? A. Yes, 21,932,934 pounds.

Q. Yes, so that a drop of less than 5 cents in the value of raw cotton during the year would wipe out that reserve, wouldn't it? A. A drop of less than 5 cents in the value of that raw cotton would wipe out the reserve?

Q. Yes, I mean in the market price. A. That on hand is constantly being used up.

Q. But a drop in the price of 5 cents, multiply

"Every balance sheet shall be drawn up
so as to distinguish severally at least the
following classes of assets, namely,

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THE WITNESS: That is quite clear, and it was

under that section in 1936 that this company pro-

duced their annual statement in regard to the in-
ventory which reads, merchandise and supplies based
on cost or market, whichever is lower, \$1,300,000.

BY MR. HENNING: A. Now, Mr. [Name], the

reserve at the present time as against raw cotton

is \$1,000,000, is it not?

at March 31, 1936.

Q. At the end of March, 1936? At that

time the figures that you prepared show that there

was nearly \$2,000,000 pounds of raw cotton on

A. Yes, \$1,428,934 pounds.

Q. Yes, so that a drop of less than 5 cents in

the value of raw cotton during the year would wipe

out the reserve, would it not?

A. Yes, less than 5 cents in the value of that raw cotton

would wipe out the reserve?

Q. Yes, I am in the same position. A. Yes.

THE COMMISSIONER: That is all right, thank you.

Q. If a drop in the price of 5 cents, multiply

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Shepard

that by 20,000,000 pounds, and that makes \$1,000,000,
and they had 22,000,000 pounds? A. Yes.

5 Q. I understand that the peak of the stock of
raw cotton, and you will probably be able to confirm
this from your examination of the inventory records,
usually occurs about the end of December? A. I
have not got exact figures to show that, but that is
my impression.

10 Q. Yes, and I understand that in some years,
in numerous years, it has been as high as 35,000,000
pounds on hand. A. At December?

Q. Yes. A. I could not testify to that.

15 Q. If I am right on that, then it takes a very
small drop in the price of cotton to offset the
amount of the reserve, doesn't it? A. Yes.

20 Q. Very small? A. The point I was
going to make when you were speaking before of this
22,000,000 pounds on hand at the end of the year was
that that stock, of course, is constantly being used
up in production.

25 Q. Yes. A. And you do not know that
you could apply the 5-cent drop ratio to that unless
it occurred right in the first few weeks or the first
month of the year.

30 Q. For the purpose of valuing the stock of
cotton and seeing what it is likely to be worth at
the time you use it, 5 cents a pound is not a tremendous
reserve when you have stock on hand of 20,000,000
pounds at one time and as high as 35,000,000 pounds at
another time, and \$1,000,000 represents 5 cents a pound

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18837

that by 20,000,000 pounds, and that makes \$1,000,000

and they had 22,000,000 pounds?

A. Yes.

Q. I understand that the peak of the stock of

raw cotton, and you will probably be able to send him

this from your examination of the inventory records,

usually occurs about the end of December? A. I

have not got exact figures to show that, but that is

my impression.

A. Yes, and I understand that in some years,

in some years, it has been as high as 20,000,000

A. It has been

as high as 20,000,000

Q. Yes. A. I could not testify to that.

Q. If I am right on that, then it takes a very

small drop in the price of cotton to offset the

increase of the stock, doesn't it?

Q. Very small? A. The point I was

going to make when you were speaking before of this

22,000,000 pounds on hand at the end of the year was

that that stock, of course, is constantly being used

up in production.

Q. Yes. A. And you do not know that

you could apply the 5-cent drop ratio to that unless

it occurred right in the first few weeks or the first

month of the year.

Q. For the purpose of valuing the stock of

cotton and wool, is it not the case that

the time you use it, 5 cents a pound is not a tremendous

reserve when you have stock on hand of 20,000,000

pounds of raw cotton and as high as 22,000,000 pounds of

with a stock of 20,000,000 pounds.

A. It runs

from $2\frac{1}{2}$ to 5 cents a pound.

Q. Yes. Now from your examination of trade records, don't you remember seeing one year, March 1920 to March 1921, when there was a drop from 40 to 11 cents, a total drop in the year of 29 cents a pound?

A. Yes.

MR. McRUER: Did it come back, and did they have a profit on it? These things work both ways.

Every time it drops you would think they had a loss; it must work both ways.

THE COMMISSIONER: I would think we would get along faster, Mr. McRuér, if you let him proceed.

MR. HEWARD: I think we have shown that the reserve is against a drop in cotton, and here was a drop of 29 cents in one year, between the beginning and end of the year.

THE COMMISSIONER: Do you mean to say that at the end of the year the price was 29 cents less than at the beginning of the year?

MR. HEWARD: At the end of the year it was 11 cents, and at the beginning of the year the market price was 40 cents. I have here a trade chart showing the market price of Middling Uplands in New York. I understand that is spot cotton. It shows the quarterly highs and lows each year from 1911-12 up until the crop year of 1935-36. I understand that the crop year starts on August 1st and ends July 31st. That is right, is it not Mr. Shepard?

Report

With a stock of 20,000,000 pounds.
From 2 1/2 to 5 cents a pound.

Q. Yes. Now from your examination of these records, don't you remember seeing one year, March 1920 to March 1921, when there was a drop from 40 to 11 cents, a total drop in the year of 29 cents?

A. Yes. Did it come back, and did they have a profit on it? These things were done every time it drops you would think they had a loss; it must work both ways.

THE COMMISSIONER: I would think we would go along faster, Mr. Brydie, if you let him proceed.
MR. BRYDIE: I think we have shown that the reserve is against a drop in cotton, and here was a drop of 29 cents in one year, between the beginning

and the end of the year. Do you mean to say that at the end of the year the price was 29 cents less than at the beginning of the year?

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the crop year starts on August 1st and ends July 31st.

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Shepard

THE WITNESS: Yes.

BY MR. HEWARD: Q. You will see that this chart is divided off into quarters for each crop year. I would like you to look at it and tell me if you do not find a number of occasions there when the market price has dropped more than 5 cents inside of one quarter. I have marked them there in red, and if you will verify them, you will find seventeen occasions in that period of twenty years from 1916 when the market price dropped more than 5 cents.

THE COMMISSIONER: Inside of one quarter.

MR. HEWARD: Inside of one quarter, three months.

THE WITNESS: There are a great many here.

Do you wish me to count them, Mr. Heward?

MR. MORUER: Put it in, and we can count them.

MR. HEWARD: There are seventeen occasions, I make it. I will put this in as an Exhibit.

THE COMMISSIONER: What is it?

MR. HEWARD: It is a chart showing the fluctuations in raw cotton, spot cotton at New York, showing the high and low in each quarter.

THE COMMISSIONER: Any particular years?

MR. HEWARD: It starts with the crop year of 1911-12, and it goes on as far as the graph is concerned to the crop year of 1935-36. The crop year 1936-37 has also a space for it, but there are no figures there because, I presume, they are not available.

THE WITNESS: Yes.

BY MR. HAWARD: You will see that this

chart is divided off into quarters for each crop year. I would like you to look at it and tell me if you do not find a number of occasions there when the market price dropped more than

inside of one quarter. I have marked them there in red, and if you will verify them, you will find seventeen occasions in that period of twenty years from 1916 when the market price dropped more than

THE COMMISSIONER: Inside of one quarter.

MR. HAWARD: Inside of one quarter, three

THE WITNESS: There are a great many here.

Do you wish me to count them, Mr. Howard?

MR. McHUGH: Put it in, and we can count the

MR. HAWARD: There are seventeen occasions, I

take it. I will put this in as an exhibit.

THE COMMISSIONER: What is it?

MR. HAWARD: It is a chart showing the fluctuations in raw cotton, spot cotton at New York,

showing the high and low in each quarter.

THE COMMISSIONER: Any particular years?

MR. HAWARD: It starts with the crop year of 1911-12, and it goes on as far as the graph is concerned to the crop year of 1935-36. The crop year has also a space for it, but there are no cases there because, I presume, they are not

THE COMMISSIONER: It will be Exhibit 1146.

EXHIBIT 1146: Chart showing fluctuations in price of raw cotton, also the high and low prices in each quarter, 1911-12 to 1935-36.

5 BY MR. HEWARD: Q. This chart also shows, Mr. Shepard, that there have been drops in the course of a year and within half a year even, of far more than 5 cents, does it not? And that is in addition to the ones we have particularly mentioned. A. Yes, it does.

10

Q. Now I think you will admit from your experience in auditing companies and their records that it would be impossible for a company to hold its customers to sales contracts -- I mean contracts made for future purchases, for goods at a certain price level, when there is a drastic decline in the price of raw cotton. Is not that right? A. It is often difficult to do so.

15

Q. Awfully difficult to do so. A. Often difficult.

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Q. Often, I beg your pardon, and it is not possible to hedge against cotton in sold goods, is it? A. In sold goods?

Q. Yes, when you have actually sold your goods. I mean you could not protect yourself by selling futures. A. I do not get your question. If you have sold your goods.

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THE COMMISSIONER: Do you mean by buying futures?

MR. HEWARD: You have cotton going into goods which you have sold at a certain price level. You

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Shirley

THE NEW YORK TIMES: It will be difficult to find

...that showing of the ...
...of the ...
...and the ...
...will be ...

...that there are ...
...and ...
...does it not ...
...we have ...

...I think you will admit from your own ...
...in editing ...
...to hold ...
...I mean ...
...for ...
...level, when there is a ...
...of new cotton. Is not that right?
...often difficult to do so.

...often, I see your ...
...to hedge against cotton in ...
...in ...

...Yes, when you have ...
...I mean you could not protect yourself by selling ...
...I ...

...the ...
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cannot hold them. If the market goes up you cannot get more of your goods.

THE WITNESS: I see the point. Sold on contract, you mean.

5 MR. HEWARD: Yes.

THE COMMISSIONER: Yes, you are bound by your contract.

THE WITNESS: Yes.

10 MR. GORDON: In an upward direction, but you often have to make concessions when the market declines.

THE WITNESS: That happens.

15 BY MR. HEWARD: Q. In regard to that last question, Mr. Shepard, can you tell us what portion of the total inventory of raw cotton and stock in process and manufactured goods in hand might normally be mortgaged, as it were, to orders for goods? I mean goods sold ahead. A. No, I could not tell you that.

20 Q. You could not tell me that? I am told it is not unusual for 10,000,000 pounds of goods to be on order at a given time. Would that surprise you? A. I have no knowledge of that at all.

25 Q. If a drop of 10 cents a pound had to be absorbed by the company through an adjustment of selling price because of a decline in the market, that would amount to a loss on inventory of \$1,000,000, would it not? A. In that case, yes.

30 Q. Referring to your Exhibit, 947, I take it that this table merely shows or was made from

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get more of your goods.

THE WITNESS: I see the point. Sold on contract

you mean.

MR. NEWARD: Yes.

THE C. WITNESS: Yes, you are bound by your

contract.

THE WITNESS: Yes.

MR. GORDON: In an upward direction, but you

often have to make concessions when the market declines

THE WITNESS: That happens.

BY MR. NEWARD: Q. In regard to that loss

question, Mr. Shepard, can you tell us what portion

of the total inventory of raw cotton and stock in

process and manufactured goods in hand might normally

be mortgaged, as it were, to orders for goods? I

A. No, I could not tell.

mean goods sold ahead.

you that.

Q. You could not tell me that? I am told it

is not unusual for 10,000,000 pounds of goods to be

on order at a given time. Would that surprise you?

A. I have no knowledge of that at all.

Q. If a drop of 10 cents a pound had to be

absorbed by the company through an adjustment of

selling price because of a decline in the market,

that would amount to a loss on inventory of

\$1,000,000, would it not? A. In that case,

Q. What is the loss?

A. The table merely shows or was made from

your calculation of what inventory values would have looked like (a) if the Dominion Textile Company had not applied the summary and percentage discounts described by Mr. Gordon in his memo and in evidence, 5 and (b) if Dominion Textile Company had carried the market price or cost of raw cotton into these goods in process and finished stock, instead of using a fixed valuation for the cotton contained in those goods. A. Plus other factors.

10 Q. And (c) if the Dominion Textile Company had not in 1918, 1922 and 1927 adjusted values for raw cotton from the March 31st price to a lower price. and then on the other side you have the credits that you have calculated the Dominion Textile Company 15 should get because at some parts of their process there is what might be termed, for want of a better word, inflation of values. Is that right? A. One other factor -- certain raw cotton valued at an excessive cost.

20 Q. Oh yes, so that you have made a calculation of what the difference would be if all these factors were taken into account, and you had taken the lower, cost or market, what the difference would be as between what they did do and what the results of your computation are. Is that right? A. Right.

25 Q. This figure that you calculate and call a reserve is really an estimated result of these discounts and other factors. Isn't that right?

30 A. It is the result of my calculations.

Q. Calculations, and in arriving at the cost,

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Shogard

an calculation of what inventory values would have looked like (a) if the Dominion Textile Company had not applied the summary and percentages accounts described by Mr. Gordon in his memo and in evidence, and (b) if Dominion Textile Company had carried the market price or cost of raw cotton into these goods in process and finished stock, instead of using a fixed valuation for the cotton contained in those goods. A. Plus other factors.

9. And (a) if the Dominion Textile Company had not in 1918, 1922 and 1927 adjusted values for raw cotton from the March 31st price to a lower price, and (b) if the Dominion Textile Company had not calculated the Dominion Textile Company should get because of some parts of their process there is what might be termed, for want of a better word, inflation of values. Is that right? A. Yes, as that you have made a calculation of what the difference would be if all these factors were taken into account, and you had taken the lower cost or market, what the difference would be as between what they did do and what the results of your calculation are. Is that right? A. Right.

10. This figure that you calculate and call a value is really an estimated result of these differences. Is that right? A. Yes, as that you have made a calculation of what the difference would be if all these factors were taken into account, and you had taken the lower cost or market, what the difference would be as between what they did do and what the results of your calculation are. Is that right? A. Right.

11. In calculating the result of my calculations, and in arriving at the cost, I have taken into account the inflation of values, and in arriving at the cost, I have taken into account the inflation of values, and in arriving at the cost, I have taken into account the inflation of values.

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Shepard

you could not arrive at the actual cost. You had to make an estimate. A. In certain cases, but I think a very accurate estimate.

5 Q. I am not impugning the accuracy of the estimate, but I say it was an estimate, and not a categorical factual statement. A. You could not be sure of it unless you could identify the actual cotton going into certain shipments.

10 Q. That is what I say; it was an estimate. A. I go further than that, Mr. Heward.

15 Q. I am not impugning the accuracy or good faith of your estimate at all. I am simply saying that it was an actual calculation of the difference between cost or market, whichever was lowest, and these resulting figures. For instance, in order to ascertain whether certain cotton was held at cost or should be taken in at market, you had to estimate the cost didn't you? A. Yes, we had to go back and take the cost price in the most recent shipments.

20

BY THE COMMISSIONER: Q. That is to ascertain whether cost was lower than market or vice versa. A. Yes.

25 BY MR. HEWARD: Q. You take the cost of recent shipments and went back a certain period. What period of purchase would correspond to the amount at present in stock? A. Yes.

30 BY MR. MORUER: Q. Mr. Shepard, my friend has taken you through a lot of hypothetical cases as to fluctuations of the market and so on. You have shown

Shepard

1888

You could not arrive at the actual cost. You had

to make an estimate. A. In certain cases,

I think a very accurate estimate.

Q. I am not impeaching the accuracy of the

estimate, but I say it was an estimate, and not a

categorical factual statement. A. You could not

be sure of it unless you could identify the actual

cotton going into certain shipments.

Q. That is what I say; it was an estimate.

A. I go further than that, Mr. Howard.

Q. I am not impeaching the accuracy or good

of your estimate at all. I am simply saying that

was an actual calculation of the difference between

cost of market, which was lowest, and these

resulting figures. For instance, in order to ascertain

whether cotton was sold at cost or

should be taken in at market, you had to estimate

the cost didn't you? A. Yes, we had to

break and take the cost price in the most recent

market.

BY THE COURT: Q. That is to ascertain

whether cost was lower than market or vice versa.

A. Yes.

BY MR. HOWARD: Q. You take the cost of

shipments and want back a certain period. What

period of purchase would correspond to the amount of

market in 1888?

BY MR. HOWARD: Q. Mr. Shepard, my friend has

been the market a lot of times since 1888.

Q. Yes, of the market and so on. You have shown

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Shepard

on this statement how often the inventory reserve was drawn on, and to what extent it was drawn on.

A. Yes.

Q. In each year? A. Yes.

Q. And the net result of the operations of twenty-one years is that the inventory reserve is \$156,440 greater than when they started. A. Yes.

Q. All right then.

THE COMMISSIONER: Are you through with this witness on textiles?

MR. McRUER: Yes. My lord, in reference to this company's affairs, and in regard to these reserves, and in reference to the Wabasso Company and any of the other larger companies to which we have referred where inventory has been discussed at any rate, I think that the evidence should be referred to the proper taxing authority, and that Mr. Howson and his associates should be directed to confer with them in order to determine -- it is rather for their determination -- whether the proper taxes have been paid or not.

THE COMMISSIONER: Have you any further evidence to adduce on these points we have been discussing, Mr. Heward?

MR. HEWARD: As to the income tax side of it, I thought that was satisfactorily disposed of.

MR. McRUER: Oh no. Mr. Gordon said he could not say the proper taxes had been paid.

THE COMMISSIONER: Very large stocks of raw

on this statement how often the inventory reserve was drawn on, and to what extent it was drawn on.

A. Yes.

Q. In each year? A. Yes.

Q. And the net result of the operations of

twenty-one years is that the inventory reserve is

\$150,440 greater than when they started. A. Yes.

Q. All right then.

Q. Now, Mr. McHugh, are you through with this

witness on textiles?

MR. McHUGH: Yes. My lord, in reference to

this company's affairs, and in regard to these re-

serves, and in reference to the warehouse company

and any of the other larger companies to which we

have referred where inventory has been discussed

at any rate, I think that the evidence should be

referred to the proper taxing authority, and that

Mr. Lawson and his associates should be directed to

co-operate with them in order to determine -- it is

rather for their determination -- whether the proper

taxes have been paid or not.

MR. McHUGH: Have you any further evidence

to add on these points we have been discussing?

MR. McHUGH:

MR. McHUGH: As to the income tax side of it.

I thought that was satisfactorily covered off.

MR. McHUGH: Or not. Mr. Gordon said he would

say the proper taxes had been paid.

Very large stocks of raw

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Shepard

material were carried and there were very great
fluctuations in the market, and nobody can find any
quarrel with the competent conducting of business.
But it all comes back to this: Was there or was
there not a proper disclosure to the parties con-
cerned? And, of course, among the parties con-
cerned are the income taxing authorities. The
income tax has to be applied each year, not every
five or ten or fifteen years, but each year proper
values must be fixed and the profits ascertained,
and the tax assessed for that year.

From what I have heard here today, and from
what I have heard in other cases, I think I must
refer this evidence with the other evidence to the
Income Tax Department for whatever action they
think ought to be taken upon it.

MR. HEWARD: We feel, my lord, that full dis-
closure has been made, and that the income tax
people are familiar with our figures. But we have
no objection. I hope it will be explained, when
this statement is made to the income tax authorities
that it is not because we are thought to be guilty.

THE COMMISSIONER: I do not know anything about
that.

MR. HEWARD: The evidence does not disclose it.

THE COMMISSIONER: You do say this, though, don't
you, that in making up your annual returns for the
purpose of taxation was as well as for other purposes,
you took your inventory at these particular values?

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fluctuations in the market, and nobody can find
personnel with the competent conducting of business
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what I have heard in other cases, I think I must
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Income Tax Department for whatever action they
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MR. LEWIS: We feel, my lord, that full dis-
closure has been made, and that the income tax
people are familiar with our figures. But we have
no objection. I hope it will be explained, when
this statement is made to the income tax authorities
that it is not because we are thought to be guilty.
THE COMMISSIONER: I do not know anything about
that.

MR. LEWIS: The evidence does not disclose it
THE COMMISSIONER: You do say this, though, don't
you, that in making up your annual returns for the
income tax you have not disclosed it?

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Shepard

MR. GORDON: Yes, but they were not always allowed. I know one instance, this instance of 1918, where we paid income tax to a higher value than is disclosed in this inventory.

5 THE COMMISSIONER: That may be. In that case you would get a refund, I suppose.

MR. McRUER: Did you pay income tax or business profits tax on the \$1,700,000 that was added to the inventory that year? That is a very relevant and
10 important matter.

MR. HEWARD: It was not added to the inventory.

MR. McRUER: Oh yes, it was. It was increased by \$1,708,000 in that year.

MR. GORDON: That is the year I am talking
15 about.

MR. McRUER: That is when there was a decline in the market for raw cotton.

MR. GORDON: You get the income tax books on that and you will see.
20

THE COMMISSIONER: In any event the question has been raised here, and I am not in a position to assist or collect for the department. This is incidental to my work, and all I can do is to refer it to the proper department. They will know, and the matter can then be properly dealt with, and they
25 can take whatever action they consider to be right.

You mentioned some other company, Mr. McRuer.

MR. McRUER: There was some evidence about the Pennan Company. We should treat them all alike.
30

THE COMMISSIONER: Of Paris ?

MR. GORDON: Yes, but they were not always allowed. I know one instance, this instance of 19 where we paid income tax at a higher value than is disclosed in this inventory.

THE COMMISSIONER: That may be. In that case you would get a refund, I suppose.

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MR. McHUGH: It was not added to the inventory.

MR. McHUGH: Of yes, it was. It was increased

by \$1,700,000 in that year.

MR. GORDON: That is the year I am talking

about.

MR. McHUGH: That is when there was a decline in

the market for raw cotton.

MR. GORDON: You get the income tax books on the

and you will see.

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it to the proper department. They will know, and the

matter can then be properly dealt with, and they

can take whatever action they consider to be right.

You mentioned some other company, Mr. McHUGH.

MR. McHUGH: There was some evidence about the

Pennam Company. We should treat them all alike.

THE COMMISSIONER: Of course?

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Shepard - Howson

MR. Mc RUER: The Penmen Company of Paris.
We have not gone very far into that, but it has
been mentioned, and we had better treat them all
alike.

5

-- The Commission adjourned for a short recess.

-- On resuming.

10

THE COMMISSIONER: I referred just before the
adjournment to the Income Tax Department. I should
add that I want to know what that department does,
as was the case in the matter of Canadian Cottons,
and I will look to you, Mr. McRuer, to let me know.

15

MR. McRUER: Yes, my lord.

E. J. HOWSON (Recalled)

20

BY MR. KELLOCK: Q. Referring to Exhibit 1082,
have you a list of the companies in the representa-
tive group? A. That is knit goods?

25

Q. Yes. A. The list of companies in-
cluded in the representative group in the knit goods
is as follows: Atlantic Underwear Ltd., R. M.
Ballantyne Ltd., Beasnit Mills Ltd., Canadian
U.S. Knitting Co., Code Felt & Knitting Co. Ltd.,
Eaton Knitting Co. Ltd., The Galt Knitting Co. Ltd.,
Grover Knitting Mills Ltd., Knitters Ltd., Mercury
Mills Ltd., Monarch Knitting Co. Ltd., Newlands & Co.
Ltd., J. R. Moodie Co. Ltd., Nova Scotia Textiles
Ltd., Ontario Silknit Ltd., Penmen's Ltd., The

30

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Shepard - Howson

Q. The Commission adjourned for a short recess.
A. Yes, my Lord.
Q. The Commission adjourned for a short recess.
A. Yes, my Lord.

Q. The Commission adjourned for a short recess.
A. Yes, my Lord.

Q. The Commission adjourned for a short recess.
A. Yes, my Lord.

Q. The Commission adjourned for a short recess.
A. Yes, my Lord.

Q. The Commission adjourned for a short recess.
A. Yes, my Lord.

Q. The Commission adjourned for a short recess.
A. Yes, my Lord.

Q. The Commission adjourned for a short recess.
A. Yes, my Lord.

Q. The Commission adjourned for a short recess.
A. Yes, my Lord.

Q. The Commission adjourned for a short recess.
A. Yes, my Lord.

Q. The Commission adjourned for a short recess.
A. Yes, my Lord.

Q. The Commission adjourned for a short recess.
A. Yes, my Lord.

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Howson

Regent Knitting Mills Ltd., The Schofield Woollen Co. Ltd., Jos. Simpson Sons Ltd., The C. Turnbull Co. Ltd., Zimmerknit Co. Ltd., Harvey Knitting Co. Ltd.

Q. You do not include Woods Underwear? A. No.

Q. All right, thank you.

MR. McRUER: The next Exhibit, my lord, will be the individual companies, hosiery division, financial summaries.

THE COMMISSIONER: That will be Exhibit 1147.

EXHIBIT 1147: Individual companies, hosiery division, financial summaries.

MR. McRUER: Next are the answers to the questionnaire from Canadian Silk Products Corporation.

THE COMMISSIONER: That will be Exhibit 1148.

EXHIBIT 1148: Answers to questionnaire Canadian Silk Products Corporation.

BY MR. McRUER: Q. Are there any annual statements from this company, Mr. Howson? A. No.

MR. McRUER: Next are the answers to the questionnaire from the Gotham Hosiery Company of Canada Limited.

THE COMMISSIONER: That will be Exhibit 1149.

EXHIBIT 1149: Answers to questionnaire Gotham Hosiery Company of Canada Limited.

MR. McRUER: Next are the answers to the questionnaire, Julius Kayser Company Limited.

THE COMMISSIONER: That will be Exhibit 1150.

EXHIBIT 1150: Answers to questionnaire, from Julius Kayser Company Limited.

Howson

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against the following: The Scotchfield Woolf
Co. Ltd., Joe. Simpson Sons Ltd., The C. Turnbull
Ltd., Zimmerman Co. Ltd., Harvey Knitting Co. Ltd.
Q. All right, thank you.

be the individual companies, possibly division,
financial summaries.

THE COMMISSIONER: That will be Exhibit 1145.

EXHIBIT 1145
possibly division,
financial summaries.

MR. McNEUR: Next are the answers to the
questionnaire from Canadian Silk Products Corporation.

THE COMMISSIONER: That will be Exhibit 1146.

EXHIBIT 1146: Answers to questionnaire
Canadian Silk Products
Corporation.

BY MR. McNEUR: Q. Are there any annual
statements from this company, Mr. Howson?

MR. McNEUR: Next are the answers to the ques-
tionnaire from the Gotham Hosiery Company of Canada.

THE COMMISSIONER: That will be Exhibit 1147.

EXHIBIT 1147: Answers to questionnaire
Gotham Hosiery Company of
Canada Limited.

MR. McNEUR: Next are the answers to the ques-

tionnaire, which were given in
THE COMMISSIONER: That will be Exhibit 1150.

EXHIBIT 1150: Answers to questionnaire
from Julius Karger Company
Limited.

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Howson

MR. McRUER: Next are the answers to the questionnaire from Supersilk Hosiery Mills Limited.

THE COMMISSIONER: That will be Exhibit 1151.

EXHIBIT 1151: Answers to questionnaire from Supersilk Hosiery Mills Limited.

MR. McRUER: Next are the financial statements of Supersilk Hosiery Mills Limited.

THE COMMISSIONER: That will be Exhibit 1152.

EXHIBIT 1152: Financial statements Supersilk Hosiery Mills Limited.

MR. McRUER: Next are the answers to the questionnaire from Weldrest Hosiery Limited.

THE COMMISSIONER: That will be Exhibit 1153.

EXHIBIT 1153: Answers to questionnaire from Weldrest Hosiery Limited.

MR. McRUER: Next are the financial statements of Weldrest Hosiery Limited.

THE COMMISSIONER: That will be Exhibit 1154.

EXHIBIT 1154: Financial statements Weldrest Hosiery Limited.

BY MR. McRUER: Q. Just a question or two about this group, Mr. Howson. On page 1 of Exhibit 1147 you show the Summary of Operations, and apparently the maximum earning on capital invested for the ten-year period was reached in 1930, when the earning on the common stock equity amounted to 80.1 per cent.

A. Yes, sir.

Q. And the minimum seems to have been reached in the year 1935 when it amounted to 25.1 per cent.

A. Yes.

1933

MR. McHUGH: Next are the answers to the

questions from Superstix Hosiery Mills Limited.

THE COMMISSIONER: That will be Exhibit 1151.

EXHIBIT 1151: Answers to questions from

Superstix Hosiery Mills Limited.

MR. McHUGH: Next are the financial statements

of Superstix Hosiery Mills Limited.

THE COMMISSIONER: That will be Exhibit 1152.

EXHIBIT 1152: Financial statements

of Superstix Hosiery Mills Limited.

MR. McHUGH: Next are the answers to the ques-

tions from Superstix Hosiery Mills Limited.

THE COMMISSIONER: That will be Exhibit 1153.

EXHIBIT 1153: Answers to questions from

Superstix Hosiery Mills Limited.

MR. McHUGH: Next are the financial statements

of Superstix Hosiery Mills Limited.

THE COMMISSIONER: That will be Exhibit 1154.

EXHIBIT 1154: Financial statements

of Superstix Hosiery Mills Limited.

BY MR. McHUGH: Q. Just a question or two about

this group, Mr. Howson. On page 1 of Exhibit 1147

you show the Summary of Operations, and apparently the

maximum earning on capital invested for the ten-year

period was reached in 1930, when the earning on the

common stock equity amounted to 80.1 per cent.

A. Yes, sir.

Q. And the minimum was in 1929 when it was 25.1 per cent.

A. Yes, sir.

A. Yes.

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Howson

Q. Of course, the common stock equity would be increasing all the time as surplus increased?

A. Yes, the capital employed in operations would have increased.

5

(Page 13346 follows)

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Howson

13340

Q. Of course, the common stock equity would be increasing all the time as surplus increased?
A. Yes, the capital employed in operations would be increased.

(Page 13346 follows)

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Q. And total sales of these companies appear to have been \$1,116,292 in 1935, at the foot of the page, the net profit on operations.

THE COMMISSIONER: \$153,000.

MR. McRUER: Yes, but the net profit after depreciation, \$314,344.

THE WITNESS: That is the gross profit after depreciation.

MR. McRUER: Q. Now, you deal with the individual companies.

MR. KELLOCK: That is Canadian Silk Products?

MR. McRUER: Yes. Then you deal with the Gotham Hosiery Company. It apparently just started in 1930?

A. Yes.

Q. And there is one we have heard some complaints about them selling lower than the tariff provided by the Association. I see in 1935 their net profit on sales was 13.3, 1936, 11.3. They had had some small losses. What is this figure in 1930 of 72.4%?

A. That was the year they started.

MR. KELLOCK: That is a loss, is not it?

MR. McRUER: Q. Should not that be read? A. It is read. You mean the percentage underneath?

Q. Yes, that figure at the bottom there shows a loss and then shows net profit to sales.

THE COMMISSIONER: 72.4.

MR. McRUER: Yes. They had very few sales that year, \$151,939, and then that was the year they were getting

going.

THE COMMISSIONER: Q. That should be 72.4, Red?

A. Yes.

MR. KELLOCK: Q. And 8.8 in the next year should be
Red too? A. Wherever there is a red figure
in dollars it should be red figure.

Q. Now, Julius Kayser and Company Limited is the
next one. It over a ten-year period seems to have
a completely black sheet all over, and in 1936 their
earnings on the common stock seems to have been 14.4%,
on the common stock equity. 1935, 14.2 and 1933,
9.6. It is higher in both years, 1935 and 1936,
than it was in 1926? A. Yes.

MR. McRUER: Well, I do not think I shall go
through these in detail any further.

MR. KELLOCK: Have you put in the summary of all
the companies?

MR. McRUER: Yes, it is the next one. Then the
next Exhibit will be Hosiery Division, Financial
Summaries.

EXHIBIT 1155: Financial Summaries, Hosiery
Division.

MR. McRUER: We start off with the Allen-A Company.

EXHIBIT 1156: Answers to Questionnaire the Allen-A
Company.

MR. McRUER: Then the Arkona Woollen & Knitting
Mills.

EXHIBIT 1157: Financial Statement of Arkona
Woollen & Knitting Mills.

THE COMPANY: That should be 73.4, 1933?

Yes.

MR. KELLER: And 8.8 in the next year should

Red too?

in dollars it should be red figure.

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next one. It over a ten-year period seems to have

a completely black sheet all over, and in 1935 their

earnings on the common stock seems to have been 14.4

on the common stock equity. 1933, 14.4 and 1935,

8.8. It is higher in both years, 1933 and 1935,

when it was in 1935?

Yes.

MR. KELLER: Well, I do not think I shall go

any further in this well up.

MR. KELLER: Have you got in the summary of all

the companies?

MR. KELLER: Yes, it is the next one. Then the

next Exhibit will be Hosiery Division, Financial

Division, Hosiery
Division.

MR. KELLER: We start off with the Allen-A Company

Answers to questions to Allen-A Company.

Financial statements of Allen-A
Woolen & Knitting Mills.

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MR. McRUER: Q. Then the Financial Statements
of Henri Napoleon Biron.

EXHIBIT 1158: Financial Statements of Henri
Napoleon Biron.

5 MR. McRUER: Then the Financial statements of the
Celtic Knitting Company Limited.

EXHIBIT 1159: Financial statements of the
Celtic Knitting Co. Ltd.

10 MR. McRUER: Q. Then the Circle Bar Knitting Co.
Limited.

EXHIBIT 1160: Financial Statement of the
Circle Bar Knitting Co. Ltd.

MR. McRUER: Answers questionnaire, Clinton Knitting
Company Limited.

15 EXHIBIT 1161: Answers to Questionnaire Clinton
Knitting Company Limited.

MR. McRUER: Then the Financial Statements of the
Clinton Knitting Company Limited.

EXHIBIT 1162: Financial Statements of the Clinton
Knitting Company Limited.

20 MR. McRUER: Financial statements of Comfort
Hosiery Company Limited.

EXHIBIT 1163: Financial Statements of the
Comfort Hosiery Co. Limited.

MR. McRUER: Financial Statements J.G. Field & Sons.

25 EXHIBIT 1164: Financial Statements of J.G. Field.

MR. McRUER: Financial Statement Fred R. Folson Co.

EXHIBIT 1165: Financial Statement Fred R. Folson Co.

MR. McRUER: Financial Statement Herbert Hosiery
30 Mills of Canada Limited.

EXHIBIT 1166: Financial Statement of Herbert
Hosiery Mills of Canada Limited.

Then the financial statements

of Henri Napoleon Dixon.

EXHIBIT 1182: Financial statements of Henri Napoleon Dixon.

Mr. Dixon: Then the financial statements of the

Cellio Knitting Company Limited.

EXHIBIT 1183:

Mr. Dixon: Then the Cellio Knitting Co.

EXHIBIT 1184: Financial statements of the Cellio Knitting Co. Ltd.

Mr. Dixon: Answers questionnaire, Clinton Knit

Company Limited.

EXHIBIT 1185: Answers to questionnaire, Clinton Knitting Company Limited.

Mr. Dixon: Then the financial statements of the

Clinton Knitting Company Limited.

EXHIBIT 1186: Financial statements of the Clinton Knitting Company Limited.

Mr. Dixon: Financial statements of Comfort

Knitting Company Limited.

EXHIBIT 1187: Financial statements of the Comfort Knitting Co. Limited.

Mr. Dixon: Financial statements of J.G. Field & Son

EXHIBIT 1188: Financial statements of J.G. Field

Mr. Dixon: Financial statement of Fred E. Tolson &

EXHIBIT 1189: Financial statement of Fred E. Tolson &

Mr. Dixon: Financial statement of Fred E. Tolson &

Mr. Dixon: Financial statement of Fred E. Tolson &

EXHIBIT 1190: Financial statement of Fred E. Tolson &

MR. McRUER: Answers to questionnaire of Holeproof
Hosiery Company of Canada, Limited.

EXHIBIT 1167: Answers to questionnaire of Hole-
proof Hosiery Co. of Can. Ltd.

5 MR. McRUER: Answers to questionnaire of Hosiery
Limited.

EXHIBIT 1168: Answers to questionnaire by Hosiery
Limited.

MR. McRUER: Then the Financial Statement.

10 EXHIBIT 1169: Financial Statement of Hosiery Ltd.

THE WITNESS: Then we have another Exhibit of
Financial Statements which are Consolidated statements
of the Zimmerknit.

15 MR. McRUER: These are financial statements of
Zimmerknit, Harvey and Company and Hosiery Limited.

THE WITNESS: They are consolidated statements.
We have put in the individual statements.

20 EXHIBIT 1170: Consolidated Financial Statement
of Zimmerknit, Harvey & Co.
and Hosiery Limited.

MR. McRUER: Then the answers to questionnaire by
London Hosiery Mills, Limited.

EXHIBIT 1171: Answers to questionnaire by London
Hosiery Mills Limited.

25 MR. McRUER: And financial statements of London
Hosiery Mills Limited.

EXHIBIT 1172: Financial Statements of London
Hosiery Mills Limited.

30 MR. McRUER: Financial Statements of Massey Knitting
Company Limited.

EXHIBIT 1173: Financial Statements of Massey
Knitting Co. Limited.

MR. MCNEIL: Answers to questionnaire of Holmberg

Holmberg Company of Canada, Limited.

EXHIBIT 1187: Answers to questionnaire of Holmberg Company of Canada, Limited.

MR. MCNEIL: Answers to questionnaire of Holmberg

Limited.

EXHIBIT 1188: Answers to questionnaire by Holmberg Limited.

MR. MCNEIL: Then the financial statement.

EXHIBIT 1189: Financial statement of Holmberg Ltd.

THE WITNESS: Then we have another exhibit of

financial statements which are consolidated statements

of the company.

MR. MCNEIL: Then we have another exhibit of

financial statements, Harvey and Company and Holmberg Limited.

THE WITNESS: They are consolidated statements.

We have put in the individual statements.

EXHIBIT 1190: Consolidated financial statement of Holmberg, Harvey & Co., and Holmberg Limited.

MR. MCNEIL: Then the answers to questionnaire by

London Holmberg Mills, Limited.

EXHIBIT 1191: Answers to questionnaire by London Holmberg Mills Limited.

MR. MCNEIL: And financial statements of London

Holmberg Mills Limited.

EXHIBIT 1192: Financial statements of London Holmberg Mills Limited.

MR. MCNEIL: Financial statements of Holmberg Mills

Limited.

EXHIBIT 1193: Financial statements of Holmberg Mills Limited.

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MR. McRUER: Answers to Questionnaire by National
Hosiery Mills.

EXHIBIT 1174: Answers to Questionnaire by National
Hosiery Mills.

5 THE WITNESS: There is a subsidiary, Real Silk.

EXHIBIT 1175: Answers to Questionnaire Real Silk
Hosiery Mills.

MR. McRUER: Then answers to Questionnaire Nordic
Hosiery Limited.

10 EXHIBIT 1176: Answers to Questionnaire Nordic
Hosiery Limited.

MR. McRUER: Then the Financial Statements of
Nordic Hosiery.

15 EXHIBIT 1177: Financial Statements of Nordic
Hosiery Limited.

MR. McRUER: Financial Statements of Prospect
Knitting Company.

EXHIBIT 1178: Financial Statements of Prospect
Knitting Company.

20 MR. McRUER: Answers to questionnaire by the Royal
Knitting Company Limited.

EXHIBIT 1179: Answers to Questionnaire by the
Royal Knitting Co. Ltd.

25 MR. McRUER: Then the Financial Statement of the
Royal Knitting Company.

EXHIBIT 1180: Financial Statement of the Royal
Knitting Company.

MR. McRUER: Answers to Questionnaire by the
St. Johns Silk Company Limited.

30 EXHIBIT 1181: Answers to Questionnaire by St. Johns
Silk Company Limited.

MR. McRUER: Then the Financial Statement of

MR. MORRIS: Answers to questionaries by National

Exhibit 1174

MR. MORRIS: Answers to questionaries by National
Exhibit 1175

THE WITNESS: There is a subsidiary, Real Silk.

Exhibit 1176

Answers to questionaries Real Silk

Exhibit 1177

MR. MORRIS: Then answers to questionaries Nordic

Exhibit 1178

Answers to questionaries Nordic
Exhibit 1179

MR. MORRIS: Then the financial statements of

Nordic Hosiery.

Exhibit 1180: Financial statements of Nordic
Hosiery Limited.

MR. MORRIS: Financial statements of Prospect
Knitting Company.

Exhibit 1181: Financial statements of Prospect
Knitting Company.

MR. MORRIS: Answers to questionaries by the Royal

Knitting Company Limited.

Exhibit 1182: Answers to questionaries by the
Royal Knitting Co. Ltd.

MR. MORRIS: Then the financial statement of the

Royal Knitting Company.

Exhibit 1183: Financial statement of the Royal
Knitting Company.

MR. MORRIS: Answers to questionaries by the

Real Silk Company Limited.

Exhibit 1184: Answers to questionaries by the
Real Silk Company Limited.

MR. MORRIS: Then the financial statement of

St. Johns Silk Company Limited.

EXHIBIT 1182: Financial Statement of St. Johns
Silk Company Limited.

5 MR. McRUER: Then the answers to Questionnaire by
Toronto Hosiery Company Limited.

EXHIBIT 1183: Answers to Questionnaire by Toronto
Hosiery Co. Limited.

MR. McRUER: That completes that list.

10 EXAMINATION BY MR. KELLOCK:

Q. The Companies that you have dealt with in
Exhibit 1147 they are all pure silk hosiery companies?

A. I don't know that I can answer that.

15 Q. What about Canadian Silk Products, do you know
that? A. I don't know.

Q. You are not familiar? A. I don't
know whether confined to Silk hosiery or not, or
artificial or what.

20 Q. What is your understanding about Canadian Silk
products? A. I just treated them as a hosiery
company, I did not inquire.

25 Q. I know you have so treated them but as to their
output what is your understanding - is it largely
silk hosiery? A. I did not inquire into it
at all.

Q. You really don't know? A. No.

30 Q. My instructions are that all the companies
in Exhibit 1147 are purely silk hosiery companies,
purely pure silk hosiery companies and the companies

Johns Milk Company Limited.

Financial statement of J. Johns
Milk Company Limited.

Mr. Johns: Then the answers to questions by

Mr. Johns: Then the answers to questions by

Mr. Johns: Then the answers to questions by
Mr. Johns: Then the answers to questions by

Mr. Johns: Then the answers to questions by

Mr. Johns: Then the answers to questions by

Q. The Companies that you have dealt with in

might list they are all pure milk company

A. I don't know that I can answer in J.

Q. What about Canadian Milk Products, do you know

A. I don't know.

Q. You are not familiar?

know whether confined to Milk Products or not, or

Mr. Johns: Then the answers to questions by

Q. What is your understanding about Canadian Milk

Products? A. I just see them as a business

Mr. Johns: Then the answers to questions by

Q. I don't know what the answer is to the

output what is your understanding - is it largely

Q. I did not inquire into it

Q. I did not inquire into it

Q. I don't know.

Q. Is instructions are that all the companies

Q. I don't know what the answer is to the

Q. I don't know what the answer is to the

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Howson,
by Mr. Kellock

in Exhibit 1155 are all ---

MR. McRUER: Just a moment, you say Exhibit 1147,
all pure silk?.

MR. KELLOCK: Yes.

THE WITNESS: No, rayons.

MR. KELLOCK: The evidence is that they do not use
rayon very much, if any, in silk hosiery.

Q. On page 1 of that Exhibit would you be good enough
to add to that at the foot of the page percentage of
final net profits to capital invested? A. You want
the same information for the Hosiery Division as to the
Knit Goods?

Q. Yes, all the way through that Exhibit, if you
will be good enough? A. Yes.

Q. And Exhibit 1155, can you give me the names
of the representative companies there, shown on page
12? A. Canadian Silk, Clinton Knitting Co.,
Hosiery Limited, Julius Kayser, London Hosiery Mills,
SuperSilk Hosiery Mills, Toronto Hosiery Company,
Weldrest Hosiery Limited, Gotham Hosiery, Herbert
Hosiery Mills, St. John's Silk Company. You want
the same percentage on this one as on the other?

Q. Yes, and if you will carry out your percentages
on the last page, page 14? A. Yes.

MR. McRUER: Now we go to Carpets. Thenext
Exhibit will be "Individual Companies - Carpet Division,
Financial Summaries."

[illegible]

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is Exhibit 1185 to file ---

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EXHIBIT 1184: Financial Summaries, Individual Companies, Carpet Division.

MR. McRUER: The first is Answers to Questionnaire Brinton Peterboro Carpet Company Limited.

5 EXHIBIT 1185: Answers to Questionnaire, Brinton Peterboro Carpet Co. Limited.

MR. McRUER: Then Financial Statement of the Brinton Peterboro Carpet Company Limited.

10 EXHIBIT 1186: Financial Statement of the Brinton Peterboro Carpet Co. Ltd.

MR. McRUER: Answers to Questionnaire of Harding Carpet, Limited.

EXHIBIT 1187: Answers to Questionnaire of Harding Carpet Company.

15 MR. McRUER: Then there are the Financial Statements of the Harding Carpet Company.

EXHIBIT 1188: Financial Statements of Harding Company Limited.

20 MR. McRUER: Answers to Questionnaire of Toronto Carpet Manufacturing Limited.

EXHIBIT 1189: Answers to Questionnaire of Toronto Carpet Manufacturing Co. Ltd.

MR. McRUER: Financial Statements of the Toronto Carpet Manufacturing Company Limited.

25 EXHIBIT 1190: Financial Statements from 1917 to 1935 inclusive, of Toronto Carpet Manufacturing Co. Limited.

MR. McRUER: Then you have a summary dealing with these carpet companies as well? A. Yes, sir.

30 EXHIBIT 1191: Financial Summaries of Carpet Division.

MR. McRUER: Now, before I leave the Carpet Division,

Howson,

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EXHIBIT 1184: Financial Summaries, Individual Companies, Carpet Division.

MR. McNEIL: The first is answers to questionnaires.

Brinton Peterboro Carpet Company Limited.

EXHIBIT 1185: Answers to questionnaires, Brinton Peterboro Carpet Co. Limited.

MR. McNEIL: Then financial statement of the Brinton Peterboro Carpet Co. Limited.

Answers to questionnaires, Brinton Peterboro Carpet Co. Limited.

EXHIBIT 1186: Financial statement of Brinton Peterboro Carpet Co. Ltd.

MR. McNEIL: Answers to questionnaires of Brinton Peterboro Carpet Co. Limited.

Answers to questionnaires, Brinton Peterboro Carpet Co. Limited.

EXHIBIT 1187: Answers to questionnaires of Brinton Peterboro Carpet Co. Limited.

MR. McNEIL: Then there are the financial statements of the Brinton Peterboro Carpet Co. Limited.

of the Brinton Peterboro Carpet Company.

EXHIBIT 1188: Financial statement of Brinton Peterboro Carpet Co. Limited.

MR. McNEIL: Answers to questionnaires of Brinton Peterboro Carpet Co. Limited.

Carpet manufacturing Limited.

EXHIBIT 1189: Answers to questionnaires of Brinton Peterboro Carpet Co. Limited.

MR. McNEIL: Financial statements of the Brinton Peterboro Carpet Co. Limited.

Carpet Manufacturing Company Limited.

EXHIBIT 1190: Financial statement of Brinton Peterboro Carpet Co. Limited, 1935 inclusive, of Toronto Carpet Manufacturing Co. Limited.

MR. McNEIL: Then there are the financial statements of Brinton Peterboro Carpet Co. Limited.

Answers to questionnaires of Brinton Peterboro Carpet Co. Limited.

EXHIBIT 1191: Financial statement of Brinton Peterboro Carpet Co. Limited.

MR. McNEIL: Then there are the financial statements of Brinton Peterboro Carpet Co. Limited.

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my lord, I wrote to Mr. Cuthbertson, the President of the Harding Carpets, Limited, in reference to a suggestion that had come to my attention that there was a price-fixing arrangement among the Carpet Companies, and I asked him if he would be good enough to give me a statement in reference to it.

THE COMMISSIONER: That is one of those mentioned here?

MR. McURR: Yes. I asked him if he would give me a statement in reference to it in order to avoid bringing him all the way from Brantford here and he was good enough to write a letter and send correspondence that he had on his files with what is known as the Carpet Manufacturers Association.

THE COMMISSIONER: That Association, I suppose, does not form part of the Silk Association.

MR. McURR: No, seems to be independent of Mr. Hallam's Office. This letter is dated November 19th, 1936.

EXHIBIT 1192: Letter from Mr. Cuthbertson, President of Harding Carpets Limited, dated Nov. 19, 1936, with correspondence Carpet Manufacturers Association.

THE COMMISSIONER: What does he say to you?

MR. McURR: "As requested by you, I am giving you herewith a short statement of the efforts made by the Canadian Carpet Manufacturers to form among themselves an association, or organization, for mutual benefit and protection, and am enclosing

... I have in my possession, the following is
the Harding Carrete, Limited, in reference to a
suggestion that had come to my attention that there
was a price-fixing arrangement among the Carrete Com-
panies, and I asked him if he would be good enough
to give me a statement in reference to it.

THE COMMISSIONER: That is one of those mentioned
here?

MR. McNEIL: Yes. I asked him if he would give
me a statement in reference to it in order to avoid
bringing him all the way from Grandford here and he
was good enough to write a letter and send correspondence
that he had on his files with what is known as the
Carpet Manufacturers Association.

THE COMMISSIONER: That Association, I suppose,
was the one that was mentioned?

MR. McNEIL: No, seems to be independent of Mr.
William's Office. This letter is dated November 1938.

EXHIBIT 11A
Letter from Mr. William
President of Harding Carrete
Limited, dated Nov. 19, 1938.

MR. McNEIL: "As requested by you, I am giving you
herewith a short statement of the efforts
made by the Canadian Carpet Manufacturers to

... an association, or organization
... and ...

correspondence, which it is hoped will give further and more detailed information in this regard.

The following figures represent the contrast in business conditions between 1929 and 1933:

	<u>Total Business</u>	<u>Canadian Production</u>	<u>Importations.</u>
1929 -	\$8,778,179.	\$ 5,434,555.	\$3,343,624
1933 -	2,615,531.	2,195,849.	419,682.

The Royal Commission on price spreads reported on page 85, as follows: "Five carpet and rug manufacturers suffered a 59 per cent. loss in business from 1930 to 1933 but, while their employment fell sharply, the wage rates in 1933 were higher than any other group reviewed."

The drop of 59% in volume took place in spite of the fact that the emergency tariff in 1930 (which has since been reduced twice) had preserved the bulk of the Canadian market for the Canadian mills. It is obvious that the Canadian Mills had difficulty in operating on only \$2,200,000. production. Consequently, and ~~inevitably~~ inevitably, they indulged in serious price cutting, each in the effort to obtain as much business as possible. The result was not only disastrous to profits, and dividends were passed, but threatened capital structures. In an effort to put a stop to this destructive price cutting, the four principal mills - Brintons, Guelph, Hardings and Toronto Carpet - met in March, 1934, with the idea of establishing a

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Hosoon

correspondence, which it is hoped will give further
and more detailed information in this regard.
The following figures represent the contrast
in business conditions between 1928 and 1930:

Business	Production	Imports
1928 - 1,000,000	1,000,000	1,000,000
1930 - 1,000,000	1,000,000	1,000,000

The Royal Commission on price supports reports
on page 35, as follows: "We are not at all sure
manufacturers suffered a 50 per cent. loss in
business from 1928 to 1930 but, while their
employment fell sharply, the wage rates in 1930
were higher than any other group reviewed."

The drop of 50% in volume took place in spite
of the fact that the emergency tariff in 1930 (which
has since been reduced twice) had preserved the
bulk of the Canadian market for the Canadian mills.
It is obvious that the Canadian mills had difficulty
in operating on only \$2,500,000. production.

Consequently, and ~~and~~ inevitably, they indulged
in serious price cutting, each in the effort to
obtain as much business as possible. The result
was not only disastrous to profits, and dividends
were passed, but threatened capital structures,
an effort to put a stop to this destructive

price cutting, the four principal mills - Brimley,
Guelph, Hardinge and Toronto - met in
1931, with the idea of establishing a

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uniform costing basis, discount list and price structure, along the lines of the British Carpet Manufacturers' Association. In this way, they hoped to escape the fate of the many Ontario furniture factories, who went bankrupt, due to similar conditions.

The services of a chartered accountant, Mr. Kris A. Mapp, C.A., of Toronto, were engaged, with the idea of exploring the cost systems and endeavouring to arrive at a uniform basis. The object of the association was most emphatically not to secure high prices, but to protect the industry against the destructive practices referred to. The writer spoke to a number of the important buyers in the trade, and most of them were in favor of this measure to remedy the chaotic condition then existing.

The organization has no constitution, no by-laws, no written agreements, and no deposits are posted. Consequently, a breach of any understanding incurs no penalty, apart from the disapproval of the other factories, and the necessity of their meeting the new competition. From the start, there has been lack of unanimity, and the organization was unsuccessful in achieving uniformity in prices, discounts or construction.

The cost systems of the four companies were surveyed by Mr. Mapp in an endeavour to obtain a uniform basis, but differences of opinion among the members frustrated any useful result, and nothing

uniform costing basis, discount list and price structure, along the lines of the British Carpet Manufacturers' Association. In this way, they hope to escape the fate of the many Ontario furniture factories, who went bankrupt, due to similar conditions.

The services of a chartered accountant, Mr. Chris A. Mapp, C.A., of Toronto, were engaged, with the idea of exploring the cost systems and endeavoring to arrive at a uniform basis. The object of the association was most emphatically not to secure high prices, but to protect the industry against excessive competition.

To a number of the important buyers in the trade, and most of them were in favor of this measure to remedy the chaotic condition then existing.

The organization has no constitution, no by-laws, no written agreements, and no deposits are posted. Consequently, a breach of any understanding incurs no penalty, apart from the disapproval of the other factories, and the necessity of their meeting the new competition. From the start, there has been lack of unanimity, and the organization was unsuccessful in achieving uniform costing basis, but differences of opinion among the cost systems of the four companies were surveyed by Mr. Mapp in an endeavour to obtain

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developed from this work.

Terms of sale, namely, 2% 1⁰ days from first of following, or 60 days net, were common to all companies long before any association was mooted. The sales tax at first was included in the price, and when the tax was increased, prices were similarly affected. In June 1934, however, the four companies acted uniformly in going over to a "tax extra" basis - thus, falling in line with the practice of most of the other industries, showing definitely on the invoice how much of the purchase price went to the mill, and how much was government tax.

Another natural objective of the association was the representation of the carpet industry's interests in tariff matters. The British industry made application to the Tariff Board in 1934, for an inquiry under the Ottawa Agreements, but this request was withdrawn by them in February, 1935. During the past Summer, on the occasion of the visit of the Canadian Cabinet Ministers to London to discuss trade matters, a carpet brief was prepared by the Association and presented to these members of the Cabinet. A copy was also filed with the Tariff Board, and with your own Royal Commission on the Textile Industry."

I do not recollect us having copy of that brief.

MR. BERRY: 641.

MR. McRUER: Is that the one that refers to Woollens too?

1914

Terms of sale, namely, 2 1/2 % cash from
following, or 60 days net, were common to all
companies long before any association was made
The sales tax of first was included in the price
and when the tax was increased, prices were
affected. In June 1904, however, the four com-
panies acted uniformly in going over to a new basis
basis - that, falling in line with the practice
of most of the large companies, charging delivery
on the invoice now much of the purchase price
went to the mill, and how much was Government
was the representation of the carpet industry,
interests in tariff matters. The British indus-
try made application to the Tariff Board in 1904,
for an inquiry under the Ottawa Agreement, but
During the past summer, on the occasion of the
at the Tariff Board, a carpet brief was
prepared by the association and presented to the
members of the Cabinet. A copy was also filed
the Tariff Board, and with your own Royal Commission
on the Tariff Inquiry.

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MR. BERRY: No, 640 is the Woollen.

MR. McRUER: "As matters now stand, the Association is 2 what we require you to bring 3 that, that is, is loosely knit, and although occasional meetings are held, and prices are included in the discussion, 5 competition continues, and action consists, of the price has been determined by all of them principally, in the announcement by one company of what it intends to do, with the other falling in line, of necessity. Proof of this is contained 10 in the fact that since 1934, although advancing raw materials have produced increases in British and American carpet prices, Canadian prices have remained stationary, or, in many cases, have declined. This information is in the records of 15 your Commission.

The enclosed correspondence will support and amplify the brief outline given above." And the correspondence is attached. In regard to this 20 subject matter there is some further correspondence.

Q. The Hardin Carpet Company is one that was organized very shortly before 1930, was it not?

A. They answered the Questionnaire for 1928. Yes, Incorporated July 7th, 1927. 1928 was apparently 25 the first year of operation.

Q. I think it has now paid a dividend, first time, during last year? A. I think that is subsequent to the period covered by the Questionnaire, because the 30 year closed October 31st. Yes, no dividend up to that time.

13359

Howson,
by Mr. KellockEXAMINATION BY MR. KELLOCK:

Q. I want to refer you to Exhibit 1184, that is, your Summary dealing with the individual Companies, page 1. I want to ask you if you will add at the foot of the page the same information to all of these companies all the way through?

A. Yes. In the summary too?

A. And in the general statement as well. A. Yes.

Q. And this general question will cover both - that looking at the same page, page 1 of Exhibit 1184, your net profit on sales, there at the foot of the page, that, again, is in the case of this particular company before Income tax?

A. Yes, and would be before bond interest if there is any.

Q. And on page 2, dealing with the Harding Carpets Limited, I notice in the middle of the page you have, "Deduct: Income Taxes," and below that "Loan Interest." So that in the case of this Company would be before Loan Interest?

A. Yes.

Q. So that it is not on the same basis all the way through?

A. No.

Q. That makes it a little bit confusing. If you will add that line to the foot of the page, we will have that constant all the way through. This covers more than carpets, Mr. McRuer.

MR. McRUER: Yes, I think we had better file these exhibits. We did not file the Exhibits in the Celanese

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of the page the same information to all of these

... and it is already in the process of being

limited, I notice in the middle of the page you have,

4. So that it is not on the same basis all the way

Company.

MR. KELLOCK: Perhaps I will finish this first. I asked you to prepare Comparative statements of net profit after deducting bond interest and income taxes for the period of 1926 to 1930, inclusive; from 1931 to 1935, inclusive, and then the total for the period, and also to show income taxes and mill wages on the same basis for the same period, and I asked you to do that in connection with the cotton companies, and I have been handed now a statement which shows that and on this statement the Silk companies have also been dealt with on the same basis. I would like to put that in, my lord.

EXHIBIT 1193: Statement of operating results and Mill wages in the Cotton and Real Silk Industry.

THE COMMISSIONER: You are away from the carpets now?

MR. KELLOCK: I am coming to the carpets with the same.

THE COMMISSIONER: It is the Cottons and Real Silk.

MR. KELLOCK: Yes, my lord, which has been put in as Exhibit 1193. Then Exhibit 1194 will be the same information, operating results and mill wages covering the artificial silk division and the woollen and paper makers felt division.

EXHIBIT 1194: Statement of Operating Results and Mill Wages covering Artificial Silk Division, and Woollen and Paper Makers Felt Division.

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HOWSON

1955

MR. KELLER: Perhaps I will finish this first.
I asked you to prepare comparative statements of
net profit after deducting bond debt and income
taxes for the period of 1950 to 1955, inclusive;
from 1951 to 1955, inclusive, and then the total for
the period, and also to show income taxes and mill
taxes on the same basis for the same period, and I
asked you to do that in connection with the cotton
companies, and I have been handed now a statement which
shows that and on this statement the silk companies
have also been dealt with on the same basis.
I would like to put that in, my lord.

and mill wages in the cotton
and Real Silk Industry.

THE COMMISSIONER: You are away from the carpets

MR. KELLER: I am coming to the carpets with

THE COMMISSIONER: It is the cottons and Real

MR. KELLER: Yes, my lord, which has been put in
as Exhibit 1155. Then Exhibit 1154 will be the same

the artificial silk division and the woolen and rayon
division.

THE COMMISSIONER: I am coming to the carpets with

MR. KELLOCK: And then Exhibit 1195 the same thing for the Knit Goods Division, and Hosiery Division.

EXHIBIT 1195: Statement of operating Results and Mill wages for the Knit Goods Division and Hosiery Division.

5 MR. KELLOCK: And Exhibit 1196, my lord, is the same information for the Carpet Division.

EXHIBIT 1196: Statement of operating Results and Mill wages for the Carpet Division.

10 MR. KELLOCK: Then, my lord, I would like to ask your Lordship to reserve a number. Your Lordship may recall that when we were in Toronto the Representative of the Fisher Company was in the box and he was to provide certain information. It has come along.
15 My friend wants to look it over before it actually goes in because there may be some confidential matter in it and he has not had an opportunity to do it yet.

MR. McRUER: I will do it tomorrow.

20 MR. KELLOCK: I will not be here. If your lordship will just reserve a number.

THE COMMISSIONER: You want to put it in right here?

MR. KELLOCK: Yes.

25 THE COMMISSIONER: When it comes it will be Exhibit 1197.

EXHIBIT 1197: Fishers' samples with prices and other information.

30 MR. KELLOCK: I would also like to put in at this place a copy of a Textiles Weekly of the issue of July 24th, 1936, particularly page 87.

MR. KELLOCK: And then Exhibit 115 the same

thing for the Knit Goods Division, and Hosiery Division

EXHIBIT 115: Statement of operating results and will wages for the Knit Goods Division and Hosiery Division.

MR. KELLOCK: And Exhibit 116, my lord, is the

same information for the Knit Goods Division.

EXHIBIT 116: Statement of operating results and will wages for the Knit Goods Division.

MR. KELLOCK: Then, my lord, I would like to ask

your lordship to review a number of exhibits.

may recall that when we were in Toronto the representative

of the Fisher Company was in the box and he was

to provide certain information. It has come along.

my friend wants to look it over before it is really put

in because there may be some confidential matter in it

and he has not had an opportunity to do it yet.

MR. MONTGOMERY: I will do it tomorrow.

MR. KELLOCK: I will wait until then, my lord.

ship will just reserve a number.

MR. MONTGOMERY: You want to put it in right

MR. KELLOCK: Yes.

MR. MONTGOMERY: When it comes it will be

Exhibit 117.

EXHIBIT 117: Statement of operating results and other information.

MR. KELLOCK: I would also like to put in at this

time a copy of a letterhead from the Knit Goods

Division, dated 1935, Exhibit 118.

THE COMMISSIONER: What is that about?

MR. KELLOCK: It deals, my lord, with certain price fixing agreements relating to yarn in England, and if I might attach to that an extract from the London Daily Mail of the 6th of November, of this year, dealing with the same subject matter.

MR. McRUER: What does it deal with?

MR. KELLOCK: Price fixing agreement in relation to yarns.

MR. McRUER: Price-fixing agreements are enforced in England by injunction. There is a different law there than there is here.

EXHIBIT 1198: Copy of Textile Journal dated July 24th, 1936, with clipping from London Daily Mail, dated November 6, 1936.

MR. McRUER: I will put in the supporting exhibits in regard to the affairs of the Celanese Company. If your lordship will look at Exhibit 903, there are two companies dealt with in that exhibit. One is Courtaulds Company and the other is the Celanese Company. We filed the supporting exhibit for the Courtaulds Company but we did not file them for the Celanese Company.

EXHIBIT 1199: Answers to Questionnaire by Celanese Company Limited.

MR. McRUER: Then the Financial Statement.

EXHIBIT 1200: Financial Statement of the Canadian Celanese Company Limited.

MR. McRUER: we will have to file the sheet that deals with the "Summary of Operations of Celanese

THE COMMISSIONER: What is that about?

MR. KILLOCK: It deals, my lord, with certain price fixing agreements relating to yarn in England, and it might attach to that an extract from the London Daily Mail of the 2nd of November, of this year, dealing with the same subject matter.

MR. MORRIS: What does it deal with?

MR. KILLOCK: Price fixing agreement in relation

to yarns.

in England by injunction. There is a different view there than there is here.

EXHIBIT 1338: Copy of Toronto Journal dated July 24th, 1933, with clipping from London Daily Mail, dated November 2, 1933.

MR. MORRIS: I will put in the supporting exhibits in regard to the affairs of the Celanese Company. If your lordship will look at Exhibit 903, there are two companies dealt with in that exhibit. One is Courtland's Company and the other is the Celanese Company. We filed the supporting exhibit for the Courtland's Company but we did not file them for the Celanese Company.

EXHIBIT 1339: Financial statement of the Canadian Celanese Company Limited.

MR. MORRIS: Then the financial statement.

EXHIBIT 1340: Financial statement of the Canadian Celanese Company Limited.

MR. MORRIS: we will have to file the exhibit that

Company. "

THE COMMISSIONER: Let us not get mixed up here.

MR. McRUER: The next one is Mr. Howson: "Summary of Operations" of the same Company.

EXHIBIT 1201: Summary of operations of the Celanese Company.

MR. McRUER: Now, before I leave the Celanese Company there is a passage in some evidence that was taken before the Tariff Board.

THE COMMISSIONER: When?

MR. McRUER: In Reference No. 38, February 8, 1934.

THE COMMISSIONER: Are you putting that document
in?

MR. McRUER: I just want to read into the record a short passage from the evidence.

THE COMMISSIONER: Who gives the evidence?

MR. McRUER: Given by Mr. Sparks, but it is the correspondence really.

THE COMMISSIONER: Whose witness was Mr. Sparks?

MR. McRUER: Mr. Sparks was the gentleman who was appearing for a group of mills here urging the Tariff Board to recommend a reduction in tariff on acetate yarns, and at page 144:

MR. SPARKS: On November 23, 1929, a letter from
Celanese Corporation of America, to Bruck
Silk Mills, Limited.

Gentlemen:

In response to your request for SRA dyestuff

1. On October 1, 1964, the following was received from the

2. The following information was received from the

3. On October 1, 1964, the following was received from the

4. The following information was received from the

5. On October 1, 1964, the following was received from the

6. The following information was received from the

7. On October 1, 1964, the following was received from the

8. The following information was received from the

9. On October 1, 1964, the following was received from the

10. The following information was received from the

11. On October 1, 1964, the following was received from the

12. The following information was received from the

13. On October 1, 1964, the following was received from the

14. The following information was received from the

15. On October 1, 1964, the following was received from the

16. The following information was received from the

17. On October 1, 1964, the following was received from the

18. The following information was received from the

19. On October 1, 1964, the following was received from the

20. The following information was received from the

21. On October 1, 1964, the following was received from the

22. The following information was received from the

23. On October 1, 1964, the following was received from the

24. The following information was received from the

25. On October 1, 1964, the following was received from the

samples, we are sending you under separate cover, one ounce sample of the SRA powerd stuffs and two ounce samples of the S.R.A. Paste dye stuffs.

If you are interested in obtaining larger quantities of these dyestuffs or information regarding their application to celanese products, we would suggest that you communicate with Canadian Celanese, Limited, Drummondville, P.Q. Canada.

That letter comes from the Celanese Corporation of America.

"Trusting that you will not hesitate to call on us or the Canadian Celanese for any further information or assistance, we remain.

Yours very truly."

The next letter is dated November 26th, 1929, from the Bruck Silk Mills, Limited, to the Celanese Corporation of America.

"Gentlemen:

Your Reference 32187

We acknowledge receipt of your letter of the 23rd inst., and we note that you are sending us samples of SRA dyestuffs in accordance with our request.

Can you please send us a price list for Canadian deliveries of celanese yarns up to 150

18884
HOTTEN

samples, we are sending you under separate
cover, one ounce sample of the SRA powdered stuffs
and two ounce samples of the S.R.A. Photo dye
stuffs.

If you are interested in obtaining further
quantities of these dyestuffs or information
regarding their application to various purposes,
we would suggest that you communicate with
Canadian Chemicals, Limited, 250-252, 254, 256, 258, 260, 262, 264, 266, 268, 270, 272, 274, 276, 278, 280, 282, 284, 286, 288, 290, 292, 294, 296, 298, 300, 302, 304, 306, 308, 310, 312, 314, 316, 318, 320, 322, 324, 326, 328, 330, 332, 334, 336, 338, 340, 342, 344, 346, 348, 350, 352, 354, 356, 358, 360, 362, 364, 366, 368, 370, 372, 374, 376, 378, 380, 382, 384, 386, 388, 390, 392, 394, 396, 398, 400, 402, 404, 406, 408, 410, 412, 414, 416, 418, 420, 422, 424, 426, 428, 430, 432, 434, 436, 438, 440, 442, 444, 446, 448, 450, 452, 454, 456, 458, 460, 462, 464, 466, 468, 470, 472, 474, 476, 478, 480, 482, 484, 486, 488, 490, 492, 494, 496, 498, 500, 502, 504, 506, 508, 510, 512, 514, 516, 518, 520, 522, 524, 526, 528, 530, 532, 534, 536, 538, 540, 542, 544, 546, 548, 550, 552, 554, 556, 558, 560, 562, 564, 566, 568, 570, 572, 574, 576, 578, 580, 582, 584, 586, 588, 590, 592, 594, 596, 598, 600, 602, 604, 606, 608, 610, 612, 614, 616, 618, 620, 622, 624, 626, 628, 630, 632, 634, 636, 638, 640, 642, 644, 646, 648, 650, 652, 654, 656, 658, 660, 662, 664, 666, 668, 670, 672, 674, 676, 678, 680, 682, 684, 686, 688, 690, 692, 694, 696, 698, 700, 702, 704, 706, 708, 710, 712, 714, 716, 718, 720, 722, 724, 726, 728, 730, 732, 734, 736, 738, 740, 742, 744, 746, 748, 750, 752, 754, 756, 758, 760, 762, 764, 766, 768, 770, 772, 774, 776, 778, 780, 782, 784, 786, 788, 790, 792, 794, 796, 798, 800, 802, 804, 806, 808, 810, 812, 814, 816, 818, 820, 822, 824, 826, 828, 830, 832, 834, 836, 838, 840, 842, 844, 846, 848, 850, 852, 854, 856, 858, 860, 862, 864, 866, 868, 870, 872, 874, 876, 878, 880, 882, 884, 886, 888, 890, 892, 894, 896, 898, 900, 902, 904, 906, 908, 910, 912, 914, 916, 918, 920, 922, 924, 926, 928, 930, 932, 934, 936, 938, 940, 942, 944, 946, 948, 950, 952, 954, 956, 958, 960, 962, 964, 966, 968, 970, 972, 974, 976, 978, 980, 982, 984, 986, 988, 990, 992, 994, 996, 998, 1000.

that letter comes from the Celanese Corporation of
America.

Regarding that you did not hesitate to call
on us or the Canadian Chemicals for any further
information or assistance, we remain.

The next letter, dated November 26th, 1923, from the
Frank Milk Mills, Limited, to the Celanese Corporation

Gentlemen:

Your letter of 23rd

We acknowledge receipt of your letter of the
23rd inst., and we note that you are sending
us samples of SRA dyestuffs in accordance with
our request.

Can you please send us a price list for

the various deliveries of celanese yarns up to 100

denier, showing Canadian selling price and filament count for each size?

5 A similar request addressed to your Montreal subsidiary some time last month remained without a response.

Thanking you, we are,

Yours very truly,"

10 "MR. BRUCK: We were endeavouring to get some celanese; while we were experimenting, we needed various sizes, and we had written to the Celanese Company and could never get any response or any offer of any yarns; so, finally, I had addressed this letter to the Celanese Corporation
15 of America, the parent corporation of America, in an attempt to get some sort of an answer. This is the letter which we sent to the Celanese Corporation of America in New York.

20 MR. SPARKS: And the next letter is from the Canadian Celanese, Limited, Montreal, to Bruck Silk Mills, Limited, dated December 13th, 1929:

"Dear Sirs:

25 Your Letter of the 26th ultimo, addressed to the Celanese Corporation of America, New York, and enquiring for Canadian deliveries of celanese yarns, has been forwarded to this office. In
30 reply we beg to inform you that we have not any weaving yarn available for sale at the present time, and are therefore not able to quote you

Senior, showing Canadian selling price and
shipment count for each size?

A similar request addressed to you in Montreal
regarding the same line with similar results.

Thanking you, we are,

Yours very truly,

MRS. BRUCK: We were endeavoring to get some

colonnades; while we were experimenting, we needed

various sizes, and we had written to the

Celane Company and could never get any response

or any offer of any yarns; so, finally, I had

addressed this letter to the Celane Corporation

of America, the parent corporation of America,

in an attempt to get some sort of an answer.

This is the letter which we sent to the Celane

Corporation of America in New York.

MRS. BRUCK: And the next letter is from the

Canadian Celanese, Limited, Montreal, to Bruck

and Bruck, Limited, Royal Victoria Hotel, Montreal.

Dear Sirs:

Your letter of the 15th ultimo, addressed

to the Celanese Corporation of America, New York

and enquiring for Canadian deliveries of celanese

yarns, has been forwarded to this office. In

reply we beg to inform you that we have not any

quantities now available for sale at the present

time, and are therefore not able to quote you

deliveries and selling price as requested.

Thanking you for your enquiry, we are,

Yours very truly,"

And then goes on:

5 "That was final, in 1929 they directly and specifically refused to sell Mr. Bruck yarn.

10 MR. BRUCK: Mr. Chairman, in one of their letters to Grout's Limited, they stated that the reason why they cannot commit themselves that they would not weave any yarn was that the hundred looms which Grout's Limited, offered for experimental weaving purposes with celanese would not be anywhere enough for the demand for
15 celanese that they can see is coming on.

We had a weaving plant and we were weaving celanese much prior to Grout's coming to Canada. We bought celanese yarn, showing in good faith that we were willing to work with them and to
20 use their yarns; and still, as late as December, 1929, they simply tell us point blank that they have no yarn to offer and refuse to quote for any yarns."

25 MR. McRUER: Now, then, there is one other exhibit that refers to threads. This is financial summaries of the Thread Division.

MR. KELLOCK: My lord, I should perhaps make it
30 clear that I am not appearing for any of the companies of the Thread or Cordage Division.

Thanking you for your enquiry, we are,

And then goes on:

"What was done, in 1929 they directly and
specifically stated in reply to your letter
that Mr. Brock, Mr. Chairman, in one of their
letters to Groat's Limited, they stated that the
reason why they cannot commit themselves to the
would not weave any yarn was that the hundred
looms which Groat's Limited, offered for ex-
perimental weaving purposes with cellulose would
not be adequate enough for the demand for
cellulose that they can see is coming on.
We had a weaving plant and we were weaving
cellulose much prior to Groat's coming to Canada.
We bought cellulose yarn, showing in good faith
that we were willing to work with them and to
use their yarn; and still, as late as December,
1929, they simply tell us point blank that they
have no yarn to offer and refuse to move for any
yarn."

25 Mr. McRuer: Now, then, there is one other exhibit
that refers to threads. This is financial statement
of the Thread Division.
Mr. McRuer: My lord, I should perhaps make it
clear that I am not appearing for any of the companies

THE COMMISSIONER: Q. Are the companies named here? A. Yes.

Q. How many are there? A. Three.

THE COMMISSIONER: There is nobody here appearing for any of them?

MR. McRUER: No, my lord.

EXHIBIT 1202: Financial Summaries, Thread Division.

MR. McRUER: There is answers to Questionnaire by the Bell Thread Company Limited.

EXHIBIT 1203: Answers to Questionnaire by the Bell Thread Company Limited.

MR. McRUER: Then the Financial Statement of the Bell Thread Company Limited.

EXHIBIT 1204: Financial Statements of the Bell Thread Company Limited.

MR. McRUER: The answers to Questionnaire by the Canadian Spool Cotton Company Limited.

EXHIBIT 1205: Answers to Questionnaire of the Canadian Spool Cotton Company, Limited.

MR. McRUER: Then the Financial Statement of the Canadian Spool Cotton Company.

EXHIBIT 1206: Financial Statements of the Canadian Spool Cotton Co.

MR. McRUER: Answers to Questionnaire of The Cotton Threads, Limited.

EXHIBIT 1207: Answers to questionnaire of the The Cotton Threads, Limited.

MR. McRUER: And financial statements of the Cotton Threads, Limited.

THE HOUSE OF COMMONS

EXHIBIT 1808: Financial statements of the
Cotton Threads Limited.

5 MR. KELLOCK: My lord, I do not expect, unless I
get different instructions, to be here after to-day,
but I wondered if your lordship would care to give any
directions that you have as to argument.

10 THE COMMISSIONER: I did intend to but I did not
know you were leaving to-day. I am not ready now
but you will be advised before the end of the week.
Will that be all right?

MR. KELLOCK: Yes.

THE COMMISSIONER: You have nothing to say about
it?

15 MR. KELLOCK: Well, I would like ample time.

THE COMMISSIONER: Well, such time as the other
people.

--

20 -- The Commission adjourned at 5.15 P.M. to resume
tomorrow morning at 10.30, Tuesday, November 24,
1936.

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EXHIBIT 100: Financial statements of the
Crown of the United States

Q. Now, I am going to ask you, when I
asked you to go to the bank, did you go?
A. Yes, I went to the bank, but I did not
go to the bank to get any money, but I
wondered if your father would care to give any
directions that you have as to argument.

THE COMMISSIONER: I did intend to but I did not
know you were leaving to-day. I am not ready now
but you will be advised before the end of the week.

Will that be all right?

MR. KILGORE: Yes.

THE COMMISSIONER: You have nothing to say about

MR. KILGORE: Well, I would like some time.
THE COMMISSIONER: Well, such time as the other

-- The Commission adjourned at 5.15 P.M. to resume
sessions morning at 10.30, Tuesday, November 24,
1924.

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. M.R JUSTICE W.F.A. TURGEON,

Commissioner.

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A.S. Whiteley, Secretary.

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N I N E T Y - E I G H T H D A Y

(November 24, 1936)

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Robert Brydie
Official Reporter.

STATE OF NEW YORK

HON. W. A. TUCKER, JUDGE OF THE SUPREME COURT

A. C. WISELEY, Secretary

W. A. TUCKER - JUDGE

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

A.S. Whiteley, Secretary.

A p p e a r a n c e s:

J.C. McRuer, K.C.)	
and)	Commission Counsel,
E. Beauregard, K.C.)	
J.P. Lanctot, K.C.)	For Special Committee
and)	on Primary Textile
R.L. Kellock, K.C.)	Industries.
C.G. Heward, K.C.)	
Aime Geoffrion, K.C.)	For Dominion Textile
and)	Company.
C.T. Ballantyne,)	
S.G. Dixon, K.C.	For Courtaulds Limited.
L.A. Forsyth, K.C.	For Canadian Celanese
	Limited, and Canadian
	Silk Products Limited.

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Ottwa, Ont., 24 novembre 1936.

Advenant 10.30 A.M. l'enquête se continue.

PAR M^{RE} BEAUREGARD:

Votre Seigneurie vous rappelez que lors que nous avons complété le témoignage de M. Cote, Président de la Fédération des Textiles, il a été convenu qu'un certain nombre de témoins, soit de Montréal, de Sherbrooke ou soit d'ailleurs, seraient entendus sur des faits révélés par Monsieur Côté, dont il n'était pas témoin, et nous avons ici un certain nombre de témoins:

-O-O-O-O-O-O-O-O-O-O-O-O-O-O-O-

A COMPARU: CAMILLE LABBE.

LEQUEL témoin est assermenté:

INTERROGE par M^{re} BEAUREGARD:

Q. Monsieur Labbé quel âge avez-vous? R Dix huit ans.

Q.- Où demeurez-vous Monsieur Labbé? R A Sherbrooke.

Q.- Où travaillez-vous? R A la Dominion Textile Co.

Q.- A quel travail êtes-vous employé? R Je suis doffer.

Q.- A quel âge avez-vous commencé à travailler?

R.- A 15 ans.

Q.- Quel a été votre premier travail quand vous avez commencé à travailler? R J'ai commencé à doffer.

Q.- Pendant le temps de votre apprentissage étiez-vous payé? R Non.

1951

Ottawa, Ont., 24 novembre 1950.

Monsieur le Ministre, L'honorable M. Côté,

Monseigneur l'Archevêque,

Voire dévouement vous rappelle que lors des
nous avons complété le témoignage de M. Côté, résidant
de la paroisse de Saint-Jacques, à la suite de son
certain nombre de témoins, soit de Montréal, de Sher-
brooke ou soit d'autres, seraient entendus sur
des faits révélés par Monsieur Côté, dont il n'est
pas témoin, et nous avons ici un certain nombre de

Les témoins ont déclaré :

Monseigneur l'Archevêque des évêques-voies ? R Dix

Q.- Où demeurez-vous Monsieur l'Archevêque ? R A

Sherbrooke.

Q.- Où travaillez-vous ? R A la Dominion

Q.- A quel travail êtes-vous employé ? R Je

suis docteur.

Q.- A quel âge avez-vous commencé à travailler ?

R.- A 15 ans.

Q.- Quel a été votre premier travail quand vous

avez commencé à travailler ? R J'ai commencé

à travailler le temps de votre apprentissage à l'é-

13372

Labbé.

Q Combien d'heure travailliez-vous par jour?

R Dix heures.

Q.- Dix heures par jour? R Oui.

Q Vous étiez employé à quelle usine à Sherbrooke?

5 R A la Dominion Textile.

Q.- Pendant combien de temps avez-vous travaillé comme apprenti sans être payé? R Pendant deux mois et demi.

10 Q Quand vous dites que vous n'étiez pas payé, voulez-vous dire que vous ne receviez aucune rémunération, aucune espèce de rémunération, rien du tout?

R Rien.

Q Pas 50 sous, 25 cents par jour? R Rien monsieur.

15 Q.- Combien de temps est-ce que ça prend pour apprendre ce métier là? R Ça dépend, vous savez, ça dépend du gas, s'il est vite il apprend plus vite, il y en a que ça prend plus de temps.

Q. Vous même combien est-ce que ça vous a pris de temps? R Deux mois et demi.

20 Q Au bout de deux mois et demi vous saviez votre métier comme il faut? R Non, non on travaille deux pour un, ils en mettent deux à la place de un.

Q. Il y en a deux qui sont employés à faire l'ouvrage de un? R Oui.

25 Q Et ça au bout de deux mois et demi?

R Oui.

Q Pendant ce deux mois et demi, vous avez travaillé deux mois et demi, à dix heures par jour?

R Oui.

30 Q Sans rémunération aucune? R Oui.

Combien d'heures travaillez-vous par jour?

12 heures.

12 heures par jour? R. Oui.

A la Dominion Textile.

apprenait sans être payé?

Quant vous dites que vous n'étiez pas payé, vous-

les-vous dire que vous ne receviez aucune rémunéra-

tion, aucune espèce de rémunération, rien du tout?

Par là vous, 25 cents par jour? R. Non.

monnaie.

Combien de temps est-ce que ça prend pour appren-

re à tisser là? R. Ça dépend, vous savez,

le dépôt du fil, s'il est vite il apprend vite, vite,

il y en a qui y prend plus de temps.

Vous même combien est-ce que ça vous a pris

de tisser? R. Deux mois et demi.

Et tout ça deux mois et demi vous saviez votre

matier comme il faut? R. Non, non on travaille

avec tout ça, ils en mettent aux épaules de nous.

Il y en a ceux qui sont employés à tisser, on-

viage de nuit? R. Oui.

Et ça se fait de deux mois et demi?

Oui.

reçoivent ce deux mois et demi, vous avez travaillé-

il vous faut un mois, à la Dominion par jour?

la rémunération de deux? R. Oui.

Q Après avez-vous été employé? R Ils m'ont mis sur la doff, j'ai travaillé de temps en temps, après ça j'ai travaillé une demi journées, et la semaine après j'ai travaillé régulièrement.

Q Quel salaire avez-vous eu pour votre demi journée?

R.- J'ai rentré à 75 cts.

Q Et la semaine suivante quel salaire avez-vous gagné?

R Je ne sais pas au juste.

PAR M^{RE} BAILLANTYNE.

Q M. Labbé à quelle date avez-vous commencé de travailler pour la Dominion Textile à Sherbrooke?

R Je le sais pas j'ai pas remarqué.

Q En quelle année avez-vous commencé? R Ça fait deux ans et demi, trois ans.

Q Environ. Je ne veux pas avoir la date exacte, est-ce en 1935, parce que j'ai ici une note que vous avez commencé de travailler au mois de novembre 1935?

R J'ai commencé à être payé en novembre.

Q.- C'était avant ça que vous prétendez que vous n'avez pas été payé?

R Oui.

Q.- Pendant votre apprentissage? R Oui.

Q C'est ça? R Oui.

Q.- Alors vous avez dit que vous avez été deux mois et demi, que vous avez travaillé comme apprenti?

R Oui.

Q Avec qui avez-vous travaillé? R J'ai commencé avec mon frère, c'est lui qui me l'a montré, pour commencer.

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ENCLOSURE 8 out of 10 pages -

Page 10 of 10

8 Oct 1944

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entre s'il en est un tel, on ne peut pas le

13372

Labbe.

Q Sur quelle sorte de travail avez-vous commencé,
avez-vous commencé sur le doffing? R Oui, monsieur.

Q Sur quelle espèce de machines? R La 35,
les frames de 35.

5 Q Ça se trouve dans quel département à Sherbrooke?
R Dans le spinning.

Q Vous rappelez-vous le nom du fileur qui tra-
vaillait sur les mêmes machines? R Il y avait
un nommé Pelletier, je ne sais pas son premier nom.

10 Q Est-ce qu'il y avait d'autres doffers dans le
département? R Qui étaient
pas payés?

Q Non, qui étaient payés, qui travaillaient dans
le même département? R Oui.

15 Q Combien y en avait-il? R Je ne le sais
pas.

Q Vous le savez pas? R Non.

Q A qui avez-vous demandé du travail? R A
M. Beaulieu.

20 Q Qui est-ce Monsieur Beaulieu? R C'est le
premier boss.

Q Alors Monsieur Beaulieu vous a promis, vous
a permis de travailler dans son département pour ap-
prendre? R Oui, pour rien.

Q Pour apprendre pour être doffer? R Oui.

25 Q Qui est-ce que vous avez déplacé, vous avez
pas déplacé personne, quand vous avez travaillé comme
ça? R Pas quand...

Q Est-ce que vous savez si vous avez déplacé quel-
qu'un quand vous avez travaillé comme ça? R Quand
30 j'ai été rendu plus vieux, il faisait louer les autres

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avez-vous commencé à travailler avec-voilà
avez-vous commencé à travailler avec-voilà
avez-vous commencé à travailler avec-voilà

les frères de 55.
ce se trouve dans quel département à l'extérieur
dans le département.

Vous rappelez-vous le nom de l'endroit où il se
trouvait ces mêmes machines? R Il y avait
un nommé Polakoff, je ne sais pas son premier nom.
Est-ce qu'il y avait d'autres collecteurs dans la
région? R Oui c'était

une paye?
Non, car étaient payés, par l'administration dans
la région.
Comment y en avait-il? R Je ne le sais

pas.
Vous le savez pas? R Non.
A cet avec-vous demandé du travail? R A
M. Beaulieu.

Qui est-ce Monsieur Beaulieu? R C'est le
premier boss.
Monsieur Beaulieu vous a promis, vous
a permis de travailler dans son département pour ap-
prendre? R Oui, pour rien.

Pour apprendre pour être docteur? R Oui.
Est-ce que vous avez déposé, vous avez
des déclarations, quand vous avez travaillé comme
un... R Oui.

Est-ce que vous savez si vous avez travaillé pour
un... R Oui.
Et pendant que vous, il fallait faire les autres

13375

Labbé,

Q Mais les autres restaient sur le pay role, vous n'étiez pas sur le pay role parce que vous étiez pas payé? R Oui.

Q Prétendez-vous que vous avez déplacé quelqu'un vous quand vous avez travaillé, pendant ces deux mois et demi là, vous avez pas pris la place de quelqu'un qui était payé auparavant? R Non.

Q Prétendez-vous ça? R Non.

Q.- Vous, vous avez demandé l'occasion d'apprendre le métier de doffer? R Oui.

Q Pour apprendre à être doffer? R Oui, monsieur.

Q C'est ça? R Oui.

Q C'est pas Monsieur Beaulieu, c'est Monsieur Beaulieu qui vous a dit: si tu veux apprendre à être doffer? R Oui.

Q Après avoir appris votre métier, heureusement on a pu vous donner du travail? R Oui.

Q Quand ça, était-ce en 1935 ça? R Oui, monsieur.

Q Dans le temps que vous travailliez sans être payé, est-ce que vous travailliez dix heures tout le temps? R Bien non, pas tout le temps.

Q Pas tout le temps? R Non.

Q Des fois vous sortiez? R Oui, on sortait, quand la section arrête, qu'il y avait pas de bobines, on sortait.

PAR MRE BEAUREGARD.

Q Quand il y avait pas d'ouvrage vous sortiez?

R Oui, monsieur.

Q Mais les autres restaient sur la place, vous n'êtes pas sur la place parce que vous êtes pas payés? R Oui.

Q Intéressant-vous que vous avez été placé quelque part quand vous avez travaillé, pendant ces deux mois où vous étiez là, intéressé par les autres qui étaient là? R Non.

Q Qui était payé séparément? R Non.

Q Les autres-vous pay? R Non.

Q Vous, vous étiez intéressé par les autres qui étaient là? R Oui.

Q Le motif de départ? R Oui.

Q Leur expérience à être policiers? R Oui.

Q Non.

Q C'est ça? R Oui.

Q C'est une expérience personnelle, c'est intéressant? R Oui.

Q Ensuite par vous a dit: si te veux expérience à être policier? R Oui.

Q Après avoir appris votre métier, naturellement on a pu vous donner du travail? R Oui.

Q Quand ça, était-ce en 1960? R Oui.

Q Non.

Q Dans le temps que vous travailliez avec eux, ils, est-ce que vous travailliez dix heures tous les jours? R Bien sûr, par tous les jours.

Q Par tout le temps? R Non.

Q Des fois vous dormiez? R Oui, on dort.

Q Tant, dans la section arête, qu'il y avait pas de hommes, on sortait.

Q Les autres étaient là.

Q Il y avait pas d'autres vous voyez?

2

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13376

Labbé,
Marquis.PAR M^{RE} BALLANTYNE:

Q Vous étiez libre de sortir quand vous vouliez sortir? R Je crois bien.

PAR M^{RE} BEAUREGARD:

Q Qui vous donnait vos ordres pour travailler sur cette machine là plutôt que sur telle autre machine? R Mon frère lui a demandé

à Monsieur Beaulieu pour me faire entrer et il lui a dit de me prendre avec lui.

Q Quand vous étiez dans l'établissement le contremaître était pas sans vous voir? R Non.

Q Le contremaître donnait-il des ordres aux autres doffers? R Oui, il en donnait aux autres mais pas à moi.

ET LE TEMOIN NE DIT RIEN DE PLUS.

-O-O-O-O-O-O-O-O-O-O-O-O-O-

A COMPARU: ALPHEE MARQUIS.

Lequel témoin est assermenté.

INTERROGE par M^{RE} BEAUREGARD.

Q Monsieur Marquis quel âge avez-vous? R Vingt et un ans.

Q Vous demeurez à quel endroit? R A Sherbrooke.

Q Vous travaillez à quel endroit? R A la Dominion Textile.

Q Quel est votre emploi? R Je suis doffer monsieur.

Q Depuis combien de temps travaillez-vous pour

1917

1917

LES MACHINES

Q Vous étiez l'un des premiers à acheter ces machines?
R Je n'en ai pas.

LES MACHINES

Q Qui vous donnait vos ordres pour travailler sur cette machine là plutôt que sur telle autre machine?
R Mon frère lui a demandé à Monsieur Beaulieu pour ne faire entrer et si lui a dit de ne prendre avec lui.

Q Vous avez dit que l'installation de ces machines était pas sans vous voir?
R Non.
Q Les machines étaient-elles des ordres?
R Oui, il en donnait aux autres mais pas à moi.

ET LA TENDANCE DE LA MACHINERIE

A COMPTER: ALBERT MARCHAND

Lequel témoin est intervenu?

Q Monsieur Marchand quel âge avez-vous?
R Vingt et un ans.

Q Vous demandez à quel endroit?
R A Saint-Proche.

Q Vous travaillez à quel endroit?
R A la

Q Quel est votre emploi?
R Je suis

Q Quel est votre

13377

Marquis.

la Dominion Textile? R Je travaille là depuis
huit ans.

Q Quel a été le premier travail que vous avez fait
là? R J'ai cleané les passées en dessous
des frames.

Q Ca veut dire "nettoyer" ça? R Oui.

Q Quelle espèce de machines? R C'est les
machines pour filer.

Q Vous étiez dans le département du filage?

R Oui monsieur.

Q Vous étiez occupé à Nettoyer les machines?

R Oui.

Q Quel âge aviez-vous quand vous avez commencé
à travailler là? R Quatorze ans.

Q Est-ce que c'est un métier qui est long à appren-
dre à nettoyer ça? R Non, pas besoin
d'expérience.

Q Avec quoi nettoyez-vous ça, est-ce un linge,
une brosse? R Non, on nettoie ça avec nos
mains.

Q Ca s'apprend assez vite? R Oui.

Q Quel salaire retiriez-vous en commençant?

R \$7.00.

Q Vous avez pas été apprenti à ce métier là?

R Non.

PAR M. LE COMMISSAIRE.

Q \$7.00 par semaine? R Oui monsieur.

PAR M. TRE BEAUREGARD:

Q Combien avez-vous par semaine...maintenant vous
êtes doffer? R Oui.

Q.- Combien avez-vous été de temps employé à net-

13377

la Dominion Textile? R Je travaille là depuis

huit ans.

Q Quel a été le premier travail que vous avez fait

là? R J'ai classé les pièces en dessous

des trames.

Q Ce veut dire "nettoyer", est-ce? R Oui.

Q Quelle espèce de machines? R C'est les

machines pour filer.

Q Vous êtes dans le département du filage?

R Oui monsieur.

Q Vous étiez occupé à nettoyer les machines?

R Oui.

Q Quel âge aviez-vous quand vous avez commencé

à travailler là? R Quatorze ans.

Q Est-ce que c'est un métier qui est long à apprendre?

R Non, pas besoin

d'expérience.

Q Avec quel nettoyeur-vous le, est-ce un lingot?

R Non, on nettoie ça avec des

Q On s'occupait aussi d'autre chose? R Oui.

Q Quel était le métier-vous en commençant?

Q Vous avez été occupé à ce métier là?

R Non.

PAR M. LE COMMISSAIRE.

Q 47.00 par semaine?

PAR M. LE COMMISSAIRE.

Q Combien avez-vous par semaine... maintenant?

Q Combien avez-vous été en fait engagé à par-

13378

Marquis.

toyer les machines? R J'ai été sept ou huit mois.

Q Vous avez toujours été à la même place?

R Oui.

5 Q Quel a été votre travail après ça? R Après ça j'ai changé, j'ai commencé à apprendre à doffer.

Q Apprenti doffer? R Oui.

Q Pendant que vous étiez apprenti aviez-vous un salaire? R Non, monsieur.

10 Q Dans quel département étiez-vous? R Dans la spinning.

Q Combien de temps avez-vous été sans salaire?

R Deux mois et demi.

Q Quel est le nom du contremaître du département où vous étiez employé? R Adélaré Beaulieu.

15 Q Dans le même département que le témoin précédent?

R Oui.

Q A qui avez-vous parlé pour devenir apprenti - doffer comme ça, comment est-ce que ça se fait qu'étant employé comme doffeur, comme nettoyeur c'est-à-dire, vous êtes devenu tout d'un coup apprenti doffer?

20 R Le nettoyage ça ils nous ont arrêté, ils ont donné ça à d'autres.

Q On vous a enlevé l'ouvrage de faire le nettoyage?

R A arrêté, ils ont fini cette job là.

25 Q Il y avait plus d'ouvrage? R Non, monsieur.

Q Vous vous êtes trouvé sans emploi? R Oui, monsieur.

Q Est-ce ça? R Oui.

2

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26

un moment.

Vous en avez fait un bon usage ?

M. L.

Il a été très utile, très utile.

Il a été très utile, très utile.

M. L.

Il a été très utile, très utile.

M. L.

Il a été très utile, très utile.

Il a été très utile.

Il a été très utile, très utile.

M. L.

Il a été très utile, très utile.

Il a été très utile, très utile.

Il a été très utile, très utile.

M. L.

Il a été très utile, très utile.

Il a été très utile, très utile.

Il a été très utile, très utile.

Il a été très utile, très utile.

Il a été très utile, très utile.

M. L.

Il a été très utile, très utile.

Il a été très utile, très utile.

Il a été très utile, très utile.

M. L.

Il a été très utile, très utile.

M. L.

Il a été très utile, très utile.

13379

Marquis.

Q Racontez-nous donc comment ça se fait que vous êtes devenu apprenti doffer, à qui vous êtes-vous adressé pour devenir apprenti doffer?

R Vous savez, j'ame suis fait poigner à jouer, j'étais jeune et je comprenais pas l'anglais.

Q Quel a été le résultat lorsqu'on vous a surpris à jouer comme ça?

R Il y en avait un qui était plus vite que moi.

Q Qu'est-ce qu'on a fait lorsqu'on vous a surpris à jouer comme ça?

R On m'a mis dehors.

Q Combien de temps avez-vous été sans emploi là?

R Trois semaines.

Q Et ensuite vous êtes revenu comme apprenti-doffier?

R Oui.

Q A qui vous êtes-vous adressé pour revenir comme apprenti doffer?

R A Monsieur Beaulieu.

Q Racontez donc ce que vous avez dit à Monsieur Beaulieu, et ce qu'il vous a dit au sujet de votre engagement comme apprenti doffer?

R Je loafais et il m'a demandé.

Q Vous ne travailliez pas?

R Non, là j'ai demandé, il m'a demandé lui: aimerais-tu mieux à apprendre à doffer, j'ai dit: ça me fait rien tant qu'à pas travailler, un peu plus tard je le saurai et j'aurai de l'ouvrage, et là j'ai commencé à apprendre à doffer.

Q C'est comme ça que ça c'est passé?

R Oui.

Q Monsieur Beaulieu vous a offert d'apprendre à doffer?

R Oui.

Racontez-moi donc comment ça se fait que vous

êtes devenu comptable, à quel moment

exactement, pendant vos études

Vous savez, j'en suis sûr, j'en suis sûr

Il faut que vous m'expliquiez ça

Quel a été le moment précis où vous avez décidé

de devenir comptable ?

Vous m'expliquez ça

Qu'est-ce qu'on a fait lorsque vous avez décidé

de devenir comptable ?

Comment ça s'est passé avec vous ?

Il y a eu un moment

Et ensuite vous êtes devenu comptable

Comment ?

À quel moment ?

Comment ?

Racontez-moi donc ce que vous avez fait à ce moment

précis, ce qu'il vous a fallu de votre

part pour devenir comptable ?

Je vous en parle

Vous ne travaillez pas ?

Non, il m'a demandé de lui expliquer

comment ça se fait, j'ai dit : je ne suis rien

à ce moment-là, je ne suis rien

de l'autre côté de l'équation, et là j'ai commencé à

travailler à l'extérieur

C'est comme ça que ça s'est passé ?

Mais aux Revenus vous avez offert d'être

comptable

Non, j'ai dit : non

Q Est-ce qu'il vous a dit que vous ne seriez pas payé pendant votre apprentissage? R Il m'en a pas parlé.

Q Vous le saviez que vous ne seriez pas payé?

R Oui.

Q Il vous a offert d'apprendre à doffer?

R Oui.

Q Et vous vous saviez que pendant l'apprentissage, que vous, qu'on était pas payé, mais comme vous étiez sans employé, vous avez accepté?

R Oui.

Q Et vous êtes entré comme apprenti-doffer?

R Oui.

Q Vous avez fait deux mois et demi?

R Oui.

Q Qu'est-ce qui est arrivé ensuite de ça?

R Quand j'ai su doffer là j'ai rentré, j'ai retiré une paye, j'ai travaillé une semaine et j'ai retiré une paye.

Q Comme demi doffer? R Non, comme doffer, un pour un, après ça quand j'ai retiré une paye; là après il il m'a fait répondre que les sections étaient trop petites pour nous autres, et il nous a fait loafer.

Q Vous avez été sans emploi encore quelque temps? R Oui.

Q Pendant combien de temps avez-vous été sans emploi après ça? R Pas longtemps, à peu près, une semaine à une semaine et demi.

Q Après quoi vous êtes revenu travailler?

R Oui, après ça, j'ai repris mon ouvrage à doffer.

1885

1885

1885-86 du 11 Mars à 11 Mars 1886

1886-87 du 11 Mars à 11 Mars 1887

1887-88 du 11 Mars à 11 Mars 1888

1888-89 du 11 Mars à 11 Mars 1889

1889-90 du 11 Mars à 11 Mars 1890

1890-91 du 11 Mars à 11 Mars 1891

1891-92 du 11 Mars à 11 Mars 1892

1892-93 du 11 Mars à 11 Mars 1893

1893-94 du 11 Mars à 11 Mars 1894

1894-95 du 11 Mars à 11 Mars 1895

1895-96 du 11 Mars à 11 Mars 1896

1896-97 du 11 Mars à 11 Mars 1897

1897-98 du 11 Mars à 11 Mars 1898

1898-99 du 11 Mars à 11 Mars 1899

1899-00 du 11 Mars à 11 Mars 1900

1900-01 du 11 Mars à 11 Mars 1901

1901-02 du 11 Mars à 11 Mars 1902

1902-03 du 11 Mars à 11 Mars 1903

1903-04 du 11 Mars à 11 Mars 1904

1904-05 du 11 Mars à 11 Mars 1905

1905-06 du 11 Mars à 11 Mars 1906

1906-07 du 11 Mars à 11 Mars 1907

1907-08 du 11 Mars à 11 Mars 1908

1908-09 du 11 Mars à 11 Mars 1909

1909-10 du 11 Mars à 11 Mars 1910

1910-11 du 11 Mars à 11 Mars 1911

1911-12 du 11 Mars à 11 Mars 1912

1912-13 du 11 Mars à 11 Mars 1913

1913-14 du 11 Mars à 11 Mars 1914

1914-15 du 11 Mars à 11 Mars 1915

1915-16 du 11 Mars à 11 Mars 1916

1916-17 du 11 Mars à 11 Mars 1917

-13382-

Marquis.

Q Vous avez repris à doffer? R Oui. R

Q Depuis ce temps là vous n'avez pas eu d'autres évènements? R Non.

5 Q Est-ce qu'il y en avait beaucoup dans le même département que vous, des jeunes gens qui apprenaient à doffer, dans le même temps que vous? R Non, monsieur.

Q Combien y en avait-il?

R Deux.

10 Q Qui? R Monsieur Charpentier.

Q Vous étiez les deux qui appreniez à doffer?

R Oui.

Q Et en finissant vos deux mois et demi, vous avez été promu au grade de doffer à plein salaire?

15 R Oui monsieur.

Q Vous le disiez tout à l'heure un pour un?

R Oui.

Q Non pas deux pour un? R Non.

Q Mais un doffer pour en faire un? R Oui, monsieur.

20 Q Pendant que vous étiez apprenti de qui preniez vous vos ordre, qui vous disait quelles machines vous deviez doffer, de qui preniez vous vos ordres?

R De Monsieur Beaulieu.

Q C'est lui qui dirigeait ça?

25 R Oui.

PAR M^{RE} BALLANTYNE

Q Si je vous ai bien compris, au commencement vous avez travaillé comme cleaner? R Oui, monsieur.

30 Q Pour sept ou huit mois, comme nettoyeur?

-1111-

Vous avez repris à douter?

Depuis ce temps là vous n'avez pas eu d'autres

événements?

Nut-ce qu'il y en avait beaucoup dans le même

département que vous, des jeunes gens qui s'occupaient

à douter, dans le même temps que vous? R. Non,

Cambien y en avait-il?

Monsieur l'interrogateur?

Vous étiez les seuls qui agissiez à douter?

Et en finissant vos deux mois et demi, vous

avez été promu au grade de colonel à plein salaire?

R. Oui monsieur.

Vous le disiez tout à l'heure un peu non?

R. Oui.

Non pas dans tout non? R. Non.

Mais un colonel peut en faire un? R. Oui,

monsieur.

Pendant que vous étiez commandant de peloton

vous vos ordres, qui vous disait quelles machines

vous deviez donner, de quel genre vous deviez donner?

R. De machines Remington.

C'est lui qui dirigeait ça?

R. Oui.

Et je vous ai bien compris, au commencement

vous vous intéressiez à ces choses-là, n'est-ce pas?

C'est tout ce que vous m'avez dit, comme ça?

13388

(Marquis)

R Oui.

Q Vous avez commencé à peu près à quelle date.
J'ai ici le 2 décembre 1929? Est-ce correcte ça?

R Depuis quand j'ai travaillé?

Q Vous? R Ça fait sept ans que je suis là,
j'ai commencé à 14 ans.

Q Avez-vous travaillé dans d'autres moulins
à part de travailler pour la Dominion Textile, à Sher-
brooke? R Non.

Q Vous avez travaillé seulement comme cleaner?

R Oui.

Q On vous a mis à la porte parce qu'on vous a
trouvé jouant? R Oui.

Q C'est ça?

R Oui.

Q Et vous avez dû loafer quelque temps? R Oui
monsieur.

Q Quand vous avez commencé en 1929 est-ce que
c'était la compagnie Dominion Textile? R Non.

Q Qui est-ce? R C'était la Connecticut Com-
pany.

Q Et quand on vous a renvoyé c'était toujours la
Canadian Connecticut Co.? R Non, monsieur.

Q C'était la Dominion Textile? R Oui,
monsieur.

Q Et vous avez dû loafer pour combien de temps,
à peu près, je ne vous demande pas exactement,
est-ce que vous avez loafé pendant quelques mois?

R Non, J'ai loafé pendant trois semaines.

Q C'est tout? R Oui.

Q Vous avez été sans emploi pendant trois semaines
de temps? R Oui.

13368

(13368)

Vous avez commencé par là à quelle date?

J'ai fait le 2 décembre 1937 est-ce correcte?

De là quand j'ai travaillé?

Vous?

R. Ça fait sept ans que je suis là.

J'ai commencé à 14 ans.

Avez-vous travaillé dans d'autres maisons?

À part de travailler pour la Dominion Textile, à Sherbrooke?

R. Non.

Vous avez travaillé seulement comme élément?

R. Oui.

On vous a mis à la porte parce qu'on vous a

R. Oui.

trouvés?

R. Oui.

Non.

Et vous avez dû louer depuis là? R. Oui.

Non.

Quand vous avez commencé en 1937 est-ce que

c'était la Compagnie Dominion Textile? R. Non.

Qui est-ce? R. C'était la Dominion Textile.

Et quand on vous a renvoyé c'était tout de suite là

Canada Dominion Textile Co.? R. Non.

C'était la Dominion Textile? R. Oui.

Non.

Et vous avez dû louer pour combien de temps?

À peu près, je ne vous donne pas exactement.

Vous avez travaillé pour la Dominion Textile pendant sept ans.

Vous avez travaillé pour la Dominion Textile pendant sept ans.

R. Oui.

Vous avez travaillé pour la Dominion Textile pendant sept ans.

R. Oui.

13383

(Marquis)
Laflamme.

Q Prétendez-vous que Monsieur Beaulieu est allé
vous voir, pour vous demander de travailler comme
doffer, pour apprendre le métier de doffer?

5 R Non, c'est moi qui est allé lui demander.

Q C'est vous qui êtes allé lui demander?

R Oui.

Q Vous lui avez demandé du travail?

R Oui.

10 Q Il vous a dit qu'il n'avait pas de place, mais
que si vous vouliez apprendre le métier de doffer
vous pouviez travailler chez lui, c'est bien ça?

R Oui.

PAR M^{RE} BEAUREGARD.

Q Vous êtes encore doffer actuellement?

15 R Oui monsieur.

ET LE TEMOIN NE DIT RIEN DE PLUS.

--O-O-O-O-O-O-O-O-O-O-O-O-O--

20 A COMPARU: ARISTIDE LAFLAMME.

LEQUEL témoin est assermenté.

Interrogé par M^{re} BEAUREGARD:

Q Monsieur Laflamme quel est votre âge?

25 R Vingt-sept ans.

Q Où demeurez-vous?

R Je demeure à Sher-
brooke.

Q A quel endroit travailliez-vous? R A la
Dominion Textile.

30 Q Quelle est votre fonction à la Dominion Textile?

R Je suis cleaner.

1914

1914

Les autres-voies de l'industrie nationale est elle

plus vite, plus sûre, plus économique que les autres?

Non, pour l'instant, la route de l'industrie

est la seule qui ait été mise à l'épreuve.

C'est pour cela qu'il faut la défendre.

Vous lui avez consacré des sommes

considérables.

Il vous a dit qu'il n'avait pas de classe, mais

que si vous voulez qu'elle le soit, il faut le faire.

Vous pouvez travailler en elle, c'est bien ça?

Oui.

Et vous pouvez...

Vous êtes encore à l'œuvre, n'est-ce pas?

Oui, monsieur.

Et la route de l'industrie est-elle...

--O-O-O-O-O-O-O-O-O-O-O-O-O-O--

La route de l'industrie est-elle...

La route de l'industrie est-elle...

La route de l'industrie est-elle...

La route de l'industrie est-elle...

Vingt-sept ans.

On demande-voilà? Je demande à être...

...

...

...

...

...

13384

Laflamme.

Q Sur quelle sorte de machines, dans quel département?

R Dans la weave room.

5 Q Combien y a-t-il de métiers à tisser dans ce département là? R Je les ai pas comptés.

Q A peu près? R Il doit y en avoir dans les 1000 métiers.

Q Combien de métiers avez-vous à nettoyer vous?

R Quatre-vingt seize, j'en clean quatre-vingt-seize métiers.

10 Q Depuis combien de temps est-ce que vous nettoyez 96 métiers comme ça? R Depuis l'automne passé.

Q Avant ça, aviez-vous plus de métier ou moins de métiers à cleaner? R J'ai toujours eu 96 métiers à cleaner.

15 Q Lorsque la présente Commission Royale a siégé à Sherbrooke, étiez-vous employé dans ce moment là?

R Oui.

Q Aviez-vous le même travail qu'aujourd'hui?

20 R Non.

Q Qu'est-ce que vous faisiez à ce moment là?

R On se trouvait à être quatre cleaners, on était divisé en quatre.

25 Q Qu'est-ce qui était divisé en quatre, est-ce le nombre de métier qu'il y avait dans la chambre, dans l'appartement?

R Oui.

Q Et puis il y avait quatre nettoyeurs? R Oui.

30 Q Et après que l'enquête eu siégé à Sherbrooke qu'est-ce qui est arrivé? R Ils ont oté deux

13884

Lafayette.

par quelle sorte de machines, dans quel dépar-

ment le travail se fait.

Comptez-vous à l'heure à l'heure dans ce dé-

partement là? R. Je les ai tous comptés.

A quel point? R. Il faut y en avoir dans

les 1000 mètres.

Comptez les mètres avec-vous à l'heure vous?

Quatre-vingt mètres, j'en ai compté quatre-vingt-

soixante mètres.

Depuis combien de temps êtes-vous dans ce département?

60 mètres comme ça? R. Depuis l'automne

Avant ça, avant-avant, j'ai de l'expérience de moi-même

de l'expérience à l'heure? R. J'ai tout fait en 60

mètres à l'heure.

Lorsque la présente Commission Royale a été créée

hier, et les-vous employé dans ce moment là?

Oui.

Quel est le travail que vous faites?

Non.

Qu'est-ce que vous faites à ce moment là?

On se trouve à être dans le département, on était

divisé en quatre.

Qu'est-ce qui était divisé en quatre, est-ce

le nombre de mètres qu'il y avait dans la chambre,

ou l'appartement?

Oui.

Et puis il y avait quatre départements? R. Oui.

Et alors que l'endroit en a été à l'heure

l'endroit en a été à l'heure

13385

Laflamme.

cleane s de nuit et deux de jours, nous autres on se trouvait à cleaner notre section de nuit, de nuit on était deux cleaners, on cleanait 96 métiers, et il fallait courir les warps à la grandeur de l'autre section.

Q Qu'est-ce que vous voulez dire, par courir les warps à la grandeur de l'autre section? R Au lieu de cleaner nos warps dans notre ouvrage, il fallait courir dans l'ouvrage des autres.

Q Voulez-vous dire que vous travailliez dans d'autres départements? R Non, dans la même section.

Q Qu'est-ce qui est arrivé depuis l'enquête Turgeon, vous êtes moins de monde qu'avant, pour faire le même travail? R Oui, et avec le même salaire, et plus d'ouvrage.

Q L'augmentation de l'ouvrage est dans quelle proportion à peu près.... vous dites qu'avant vous étiez quatre pour nettoyer? R Oui, monsieur.

Q Maintenant, vous êtes deux? R Oui.

Q Autrement dit l'augmentation de l'ouvrage serait de 100% R Oui.

Q Est-ce ça? R Oui.

Q Vous faites à deux, ce que vous faisiez à quatre avant? R Oui, et on est pas capable d'arriver.

Q C'est une surcharge d'ouvrage? Oui, plus qu'un homme veut en faire plus on lui en donne.

Q Vous avez plus d'ouvrage avec le même salaire? R Oui, monsieur.

Il faut ouvrir les yeux à la grandeur de l'œuvre
et être capable de saisir la portée de la mission
qui nous est confiée. C'est pourquoi nous devons
être capables de nous élever au-dessus de nos
intérêts personnels et de nous consacrer à la
cause de la France.

Q Vous n'avez pas eu de changement dans votre salaire, en proportion? R Non.

Q Quel salaire gagnez-vous? R \$20.50.

Q Par quinzaine? R Par quinzaine, oui monsieur, par quinze jours de jour.

Q Etes-vous à la semaine ou à l'heure? R 18 cts de l'heure.

Q Vous avez 18 cts pour chaque heure que vous travaillez? R Oui.

Q Quand vous travaillez plein temps, vous gagnez \$20.50 par deux semaines? R \$20.50.

Q C'est ça? R Oui.

Q Par quinze Jours? R Oui.

Q Ca c'est plein temps? R Oui.

Q Combien travaillez-vous d'heures par jours?

R On travaille dix heures.

Q Dix heures par jour? R Oui.

Q Savez-vous ce que sont devenus les autres nettoyeurs qui travaillaient avec vous, et qui ne travaillent plus maintenant? Ont-ils un autre emploi ou sont-ils sans emploi? R Ils se sont trouvés à être slaqués.

Q C'est à dire qu'ils ne travaillent pas?

R Non monsieur.

Q Ils ont été mis à pied? R Celui de nuit surtout, les deux de nuits ont été mis dehors.

Q Et les deux de jours, qu'est-ce qui leur est arrivé? R Ils leur ont trouvé une autre job.

Q Dans le moulin? R Oui.

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maintains, on proportion? R. None.

Q. What salary figure did you give?

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...and the ...

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Vous avez 18 ans pour répondre à cette question

Count von Thun was traveling with family.

[illegible]

Q Les deux hommes de nuit ont été mis à la porte?

R Oui.

Q Et les deux hommes de jour ont reçu un autre emploi?

R Oui.

5 Q Ceux qui sont restés à l'ouvrage sont chargés à deux de faire l'ouvrage de quatre, c'est ça?

R Oui.

Q Ça fait combien de temps que vous travaillez à l'usine de la Dominion Textile à Sherbrooke?

R Un an cette automne.

10 Q Aviez-vous travaillé avant cette année là?

R Oui, j'avais déjà travaillé.

Q A plusieurs reprises? R Oui, à plusieurs reprises.

15 Q Vous êtes entré et sorti à plusieurs reprises?

R Oui.

Q Est-ce que des explications ont été données par les contremaîtres ou des personnes compétentes, à fournir des explications, pourquoi on réduisait comme ça le nombre des hommes, dans votre section, à votre travail?

R ..

Q Je vous demande si vous le savez du contremaître?

R Oui, certain il m'a parlé, il m'a dit: la semaine prochaine il va y avoir des gros changements.

Q Le contremaître vous a dit ça?

25 R Oui monsieur.

Q Aviez-vous du temps de reste, avant, aviez-vous des loisirs?

R On avait plus de temps à nous autres, quand les warps sortaient ensemble on avait plus d'ouvrage, ensuite on était clair, quelques jours, on avait le temps de faire notre cleanage.

Q Actuellement vous faites du nettoyage sur 36 machines, à part de ça, vous transportez les warps?

R Oui.

Q Les gros rouleaux? R Oui, on se trouve à cleaner.

Q C'est le nettoyage du warp quand il est fini?

R Oui, à la grandeur.

Q Ceci, cet ouvrage là, ça arrive par bourrées?

R Oui.

Q Ce n'est pas un travail régulier, le travail ne se présente pas régulièrement? R Non, monsieur.

Q Dans ce temps là, aviez-vous de l'ouvrage en abondance, quand les warps se succédaient rapidement? R Oui.

Q Quand elles se succédaient pas rapidement, vous aviez du temps, vous aviez le temps de nettoyer vos machines? R Oui.

Q Passiez-vous du temps à rien faire?

R Oui.

Q Vous aviez du loisir? R Oui.

Q Vous en avez plus là? R Non, en a plus ça nous tient steady.

Q Considérez-vous que c'est trop de travail pour un homme? R Certain, que c'est trop.

Q Pouvez-vous faire votre nettoyage comme il faut? R Non.

Q Pendant ce temps là? R Non.

Q Il a pas été question d'augmenter votre salaire, en augmentant votre rendement, de cette façon là? R Non.

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Q On vous a pas dit que vous auriez une augmentation de salaire? R- Non.

Q Vous en avez pas entendu parler? R Non.

Q Ca faisait combien de temps qu'il y avait quatre hommes au lieu de deux, à votre connaissance, quand vous êtes arrivé là, est-ce que c'était comme ça? R Oui.

Q Dans les autres années que vous avez travaillé est-ce que c'était comme ça? R Oui, ils ont été trois hommes, ils ont divisé ça, en trois, ça avait du bon sens.

Q Et il y a déjà eu trois hommes, quatre hommes?

R Oui.

Q Maintenant il y en a que deux? R Oui, monsieur.

Q Avez-vous souvenir qu'il y en ait eu deux avant les derniers mois dont vous venez de parler?

R Non.

Q Est-ce que ça déjà existé le régime de deux hommes? R Non.

Q C'est la première fois à votre connaissance que ça arrive? R Oui.

Q Il y en avait eu trois et quatre? R Oui monsieur.

PAR M^{RE} BALLANTYNE.

Q M. Laflamme, lorsque cette commission a siégé à Sherbrooke, vous travailliez sur combien de machines, sur combien de métiers? R Quatre-vingt-seize.

Q Et maintenant vous travaillez sur combien?

R 96 métiers.

Q La même chose? R Oui.

Q On vous a dit que vous aviez une
manifestation de...
R Non.
Q Vous en avez pas entendu parler?
R Non.
Q On faisait beaucoup de temps qu'il y avait des
hommes au lieu de ceux, à votre connaissance,
dans les écluses, n'est-ce pas?
R Oui.
Q Dans les années avec vous avez travaillé
sur ces écluses comme ça?
R Oui.
Q Ils ont été trois hommes, ils ont dit, et, en fait,
ils n'ont pas été.
R Oui.
Q Et il y a eu des hommes, peut-être comme
ça?
R Oui.
Q Maintenant il y en a des autres?
R Oui.
Q Avant vous travailliez là, y en a eu des autres
les dernières fois, vous y avez travaillé?
R Oui.
Q Et-ou que ça était la même de ceux
là?
R Oui.
Q C'est la première fois à votre connaissance
qu'ils arrivent?
R Oui.
Q Il y en avait en trois et quatre?
R Oui.
Q Ils sont à l'écluse.
R Oui.
Q M. Latham, j'écoute cette déclaration et j'ai
à dire, vous êtes libres en matière de
témoigner, par combien de témoins?
R Un.
Q Et maintenant vous travaillez à l'écluse?
R Oui.
Q Et vous êtes...
R Oui.

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Q La même chose. R Oui.

Q Il y a pas eu de changement. - Sur quelle
sorte de métier travaillez-vous, c'est fait par
quelle compagnie?

R La Dominion Textile.

Q La marque du métier?

R Draper.

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Q Avez-vous toujours travaillé sur les Draper?

R Oui.

Q Est-ce un Dubby, ce qu'on appelle Dubby Draper?

R ...

PAR MRE BEAUREGARD:

10 Q Est-ce un étroit ou un long? R C'est un
long.

PAR MRE BALLANTYNE.

Q Alors vous dites que lors de l'enquête à Sher-
brooke, vous avez travaillé ~~xxxx~~ sur quatre-vingt seize
15 métier, et que actuellement vous travaillez sur qua-
tre-vingt-seize métiers? R Oui.

Q Comment se fait-il que vous n'êtes pas allé vous
plaindre devant la Commission quand elle était à
Sherbrooke? R J'étais comme tous les autres,
20 j'aimais à travailler.

Q Vous aimiez mieux travailler? R Oui.

Q Maintenant vous êtes prête à venir toute la dis-
tance de Sherbrooke à Ottawa pour donner votre
témoignage, que vous auriez pu donner à Sherbrooke?

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....

Q Qui vous a demandé pour venir ici à Ottawa?

PAR MRE BEAUREGARD:

Je ne sais pas si c'est régulier, n'est-ce pas.

PAR MRE BALLANTYNE.

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Q Vous prétendez qu'il y a eu une augmentation
de travail, une surcharge de travail? R Oui.

La même chose. R Oui.

Il y a pas de changement - est-ce que

vous ne voulez pas travailler-vous, c'est tout ça

elle connaît? R La dernière fois.

La dernière fois? R Oui.

Avez-vous toujours travaillé sur les deux?

Oui.

Est-ce un travail, ce qu'on appelle le travail?

Est-ce un travail ou un loisir? R C'est un

Alors vous êtes des fois de l'après à l'avant

travail, vous avez travaillé dix ans comme ça

travail, et vous avez travaillé dix ans

Comment se fait-il que vous n'êtes pas allés

travailler devant la Commission quand elle était à

travailler? R J'étais comme tout les autres

travailler à travailler.

Vous étiez mieux travaillant? R Oui.

Maintenant vous êtes prêts à venir toute la fois

vous de Sherbrooke à Ottawa pour donner votre

enseignement, des fois vous ne donnez pas à Sherbrooke?

Qui vous a demandé pour venir ici à Ottawa?

Je ne sais pas si c'est toi qui m'as dit ça.

Est-ce que c'est toi?

Vous prétendez qu'il y a une autre façon

travailler, est-ce que c'est toi qui m'as dit ça?

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Q N'est-il pas vrai qu'il y a eu pas mal de changements dans le weave room à Sherbrooke dernièrement, depuis plusieurs mois? R Ah oui.

Q On a installé des nouveaux métiers? R Oui, certain.

Q C'est vrai? R Oui.

Q On en a installé trois cents dans les derniers mois? R Oui, monsieur.

Q Pendant l'été? R Oui.

Q Savez-vous que dans d'autres moulins, ailleurs qu'à Sherbrooke, dans une job comme la votre, un cleaner est supposé de nettoyer plus de deux cents métiers?

R Non, mais ça se peut.

Q Ces gens là sont capables de faire ce travail là?

R

Q Ils le font? R Oui, et si ils sont capables de le faire, je vais le faire moi aussi.

Q Il y a d'autres cleaners dans le weave room?

R Oui.

Q Combien de machines ont-ils à nettoyer?

R Dans la même partie?

Q Dans le weave room, il doit y avoir d'autres cleaners? R Oui, il y en a d'autres.

Q Ils ont des métiers à nettoyer ces cleaners là?

R Oui.

Q La même chose que vous? R Oui.

Q N'est-il pas vrai qu'il y a de ces cleaners qui ont cent soixante-six machines à nettoyer? R Ils les cleanent, mais tout d'un coup, ils prennent quatre à cinq jours pour cleaner ces métiers là.

Q. N'est-il pas vrai qu'il y a un mal de crâne
dans le West room à l'heure de l'après-midi?
R. Oui.
Q. On a installé des nouveaux métiers?
R. Oui.
Q. Certain.
Q. On en a installé trois autres dans les derniers
mois?
R. Oui, monsieur.
Q. Remontent-ils?
R. Oui.
Q. Savez-vous que dans d'autres maisons, elles
ont à l'heure de l'après-midi, dans une partie de votre, un bien-
net est supposé de nettoyer plus de deux cents métiers?
R. Non, mais ça se peut.
Q. Ces gens là sont capables de faire ce travail là?
R. ...
Q. Ils le font?
R. Oui, et si ils sont
capables de le faire, je vais le faire moi-même.
Q. Il y a d'autres clients dans le West room?
R. Oui.
Q. Combien de machines ont-ils à nettoyer?
R. ...
Q. Dans le West room, il doit y avoir d'autres
clients?
R. Oui, si
y en a d'autres.
Q. Ils ont des métiers à nettoyer ces clients là?
R. Oui.
Q. La même chose que vous?
R. Oui.
Q. N'est-il pas vrai qu'il y a des clients qui
ont cent soixante-àux machines à nettoyer? R. Ils
les ont, mais tout d'un coup, ils prennent des
tre à cinq jours pour nettoyer ces métiers là.

Q Une autre question. N'étiez-vous pas six cleaners d'abord? R Pour cleaner.

Q Il y a quelque temps, n'est-il pas vrai qu'il y avait six cleaners? R ...

Q Et qu'on en a réduit le nombre à quatre?

R Oui.

Q Et on en a ajouté un cinquième? R Moi,

je me suis trompé tout à l'heure, je m disais qu'on n'était seulement que deux, on se trouve c'est divisé en trois.

Q En trois sections? R En trois parties.

Q Le weave room? R Oui, monsieur.

Q Maintenant vous êtes cinq? R Oui.

Q Vous étiez pour quelque temps quatre?

R Moi, je parle pour la grosse parties, des gros métiers.

Q Je parle pour le moulin de Sherbrooke? R Je me suis trompé, tout à l'heure.

Q Je vous parle de Sherbrooke, c'est bien clair, il y a trois sections, vous étiez d'abord six cleaners?

R Oui.

Q Puis quatre cleaners? R Oui.

Q On en a enlevé deux et vous êtes maintenant cinq cleaners? R Oui.

Q Et vous travailliez toujours sur le même nombre de métier que vous travailliez, sur lesquelles vous travailliez quand nous étions à Sherbrooke, à l'enquête? R Oui.

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Les autres questions. N'est-ce pas pour les autres?

R. Pour les autres.

Il y a quelques autres, n'est-ce pas pour les autres?

R. ...

Et n'est-ce pas pour les autres?

Oui.

Et on en a encore un grand nombre.

Je ne sais pas tout à l'heure, je ne sais pas tout à l'heure.

Je ne sais pas tout à l'heure, je ne sais pas tout à l'heure.

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Je ne sais pas.

Les autres questions?

Oui.

Je ne sais pas.

Je ne sais pas.

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Je ne sais pas.

Je ne sais pas.

Je ne sais pas.

Je ne sais pas.

Je ne sais pas.

Je ne sais pas.

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Je ne sais pas.

Je ne sais pas.

Oui.

Je ne sais pas.

Je ne sais pas.

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Je ne sais pas.

Je ne sais pas.

Je ne sais pas.

Je ne sais pas.

Je ne sais pas.

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13393

Laflamme.

Q Et vous avez la même paye? R Oui.

PAR M^{RE} BEAUREGARD.

Q Si c'est bien clair, c'est beaucoup moins clair que c'était avant que le témoin vienne et après c'est moins clair aussi.

PAR M^{LE} COMMISSAIRE:

Il vous a dit qu'ils étaient deux à la place de quatre.

PAR M^{RE} BEAUREGARD:

Q Voulez-vous s'il vous plaît dire à votre façon, clairement, à la Cour, ce qui est arrivé depuis le passage de la Commission Turgeon à Sherbrooke, est-il arrivé quelque chose dans le nombre des hommes, les nettoyeurs, dans votre section, dans votre département. Parlez fort?

R C'est arrivé sur les gros métiers, actuellement c'est arrivé en ... c'est divisé en trois....

Q Tout à l'heure j'ai compris ceci: que lorsque la Commission Turgeon a siégé à Sherbrooke, dans la partie du travail que vous avez à faire, vous étiez quatre hommes, sur le travail?

R Oui.

Q Et que maintenant vous êtes que deux hommes?

R Oui.

Q Est-ce que c'est vrai ou si c'est pas vrai?

R C'est pas vrai.

Q Dites le? R C'est pas vrai.

Q Alors qu'est-ce qui est vrai? R C'est vrai, la vérité, c'est qu'on est cinq actuellement.

Q A faire quoi? R A cleaner.

Q.- Dans une chambre, dans une section? R Dans la partie, dans la grandeur.

18335

Testimony

Q Et vous avez la même paye?
R Non, M. le Juge.
Q Si c'est bien clair, n'est beaucoup moins clair
que c'était avant que le témoin vienne et après c'est
encore plus clair.
R M. le Juge.
Q Il vous a dit qu'ils étaient deux à la place de
quatre.
R M. le Juge.
Q Voulez-vous s'il vous plaît dire à votre façon,
c'est-à-dire, à la Cour, ce qui est arrivé depuis la
passage de la Commission Turgeon à Sherbrooke, est-il
arrivé quelques choses dans le nombre des hommes,
les citoyens, dans votre section, dans votre départe-
ment, M. le Juge?
R C'est arrivé sur les gens restés, notamment
c'est arrivé en... c'est divisé en trois...
M. le Juge, j'ai demandé à la Commission Turgeon
la Commission Turgeon a été à Sherbrooke, dans la
partie du travail que vous avez à faire, vous êtes
satisfait, M. le Juge?
R Oui.
Q Et maintenant vous êtes des deux hommes?
R Oui.
Q Est-ce que c'est vrai ou si c'est pas vrai?
R C'est pas vrai.
Q Dites-le? R C'est pas vrai.
Q Alors qu'est-ce qui est vrai?
R Oui.
Q La vérité, c'est qu'on est cinq actuellement.
Q A faire quoi? R A classer.
Q Dans une chambre, dans une section? R Dans

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L13394-

Laflamme.

Q Lors du passage de la Commission Turgeon, combien étiez-vous à faire ce travail là, il y en avait combien? R On était quatre cleaners dans la grande partie.

5 Q Et maintenant vous êtes cinq, est-ce ça que nous devons comprendre, que pour faire le même travail auquel vous étiez occupé au printemps dernier, au mois de mars, que vous êtes plus de monde que dans ce temps là, devons nous comprendre que vous êtes moins, plus ou que vous êtes le même nombre?

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PAR M. LE COMMISSAIRE:

Il a commencé à dire que son ouvrage avait été doublé.

PAR M. TRE BEAUREGARD.

15 Q Devons nous comprendre que vous faisiez deux sortes de travail, une sorte consistant à nettoyer 96 métiers? R Oui.

Q Et que ces métiers là lors du passage de la Commission, vous en aviez 96, vous travailliez, vous, sur 96, comme nettoyer, et que vous travaillez encore sur 20 96 métiers? R Oui.

Q Ca c'est vrai? R Oui, seulement on cleanait, actuellement on a 96 métiers, et on court la wart sur la grandeur des 96 métiers.

Q Qu'est-ce qu'il y a eu de changé?

25 R Il faut balayer toute la grandeur, ça donne plus d'ouvrage, on clean notre partie, et il faut balayer la grandeur de l'autre partie.

Q.- Vous avez dit qu'il y a eu deux hommes de nuit qui ont été enlevés? R Oui.

30 Q Ils ont été renvoyés ceux là? R Oui.

-18594-

l'air.

Q. Lors du passage de la Commission Turgeon, comment
bien êtes-vous à l'aise de travailler là, il y en avait
comment? R. On était dans le calme.

Q. Et maintenant vous êtes dans le calme, est-ce que
vous devez continuer, que pour faire la même
travail auquel vous étiez accoutumés en période de guerre
au mois de mars, que vous êtes plus à l'aise de faire
ce temps là, devons nous continuer que vous êtes
moins, plus ou que vous êtes la même manière?

Par M. le Juge :

Il a commencé à dire que son ouvrage avait été
l'air.
Par M. le Juge :

Q. Devons nous continuer que vous faites dans le
de travail, une sorte continuant à nettoyer 90 mètres
R. Oui.

Q. Et que ces mètres là lors du passage de la Com
sion, vous en avez 90, vous travaillez, vous, est-ce
comme nettoier, et que vous travaillez encore sur
90 mètres? R. Oui.

Q. Ce n'est vrai? R. Oui, seulement en
cienait, actuellement on a 90 mètres, et on court la
vart sur la grandeur des 90 mètres.

Q. Qu'est-ce qu'il y a de changé?
R. Il faut balayer toute la grandeur, ça donne
plus d'ouvrage, on a une autre partie, et il faut
balayer la grandeur de l'autre partie.

Q. Vous avez dit qu'il y a eu deux hommes de
mort qui ont été enlevés? R. Oui.

Les deux hommes ont été enlevés.

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Q Est-ce vrai? R C'est vrai.

Q Vous nous avez dit qu'il y a deux hommes de jour qui avaient été enlevés de votre ouvrage, et placés à un autre ouvrage? R Oui.

5 Q Est-ce vrai qu'il y a eu deux hommes de jour d'enlevés et mis à un autre ouvrage? R Oui, je suis de jour et ça me trompe.

10 Q Lors du passage de la Commission Turgeon, faisiez-vous le même travail que vous faites, deux choses, le nettoyage et le transport des warps? R Non, on faisait pas ça, on a commencé après.

Q Vous dites qu'on a ajouté ça à votre travail depuis ce temps là? R Oui.

15 Q Quelle est la partie de votre travail qui a été ajoutée à votre travail depuis le passage de la Commission? R Ils ont ajouté, qu'ils ont donné l'autre partie à nettoyer à avoir soin, à balayer.

20 Q A part de vos 96 métiers que vous aviez vous, vous allez dans les moulins des autres? R Oui, dans la partie des autres pour cleaner les warps des autres.

Q Avant qu'ils changent ça y alliez-vous dans les moulins des autres? R Non.

25 Q Vous restiez dans vos quatre-vingt seize moulins? R On faisait l'ouvrage sur nos 96 métiers.

Q Vous aviez une espace de 96 métiers, vous faisiez le nettoyage de ces 96 métiers là? R Oui.

Q Vous occupiez vous des warps? R Oui.

30 Q Vous nettoyez... quand vous enleviez la warp vous faisiez le grand nettoyage du métier? R Oui.

Q Et ce sur 96 métiers? R Oui.

[illegible]

13396

Laflamme.

Q.- Actuellement vous le faites encore sur 96 métiers,
et vous faites du travail dans d'autres métiers?

R. Oui.

5 Q. Pourquoi êtes-vous appelé à faire du travail sur
d'autres métiers, depuis quand? R. Depuis l'en-
quête.

Q. Depuis qu'on a renvoyé des hommes?

R. Oui.

10 Q. Mais tout à l'heure, en réponse à Monsieur Ballan-
tyne, vous avez dit, je ne sais trop comment, il vous
a demandé si autrefois vous étiez pas six nettoyeurs,
je sais pas trop en réponse à quoi, vous avez dit
six hommes et ensuite quatre, parliez-vous des nettoyeurs?

R. Oui.

15 Q. Étiez-vous six nettoyeurs, - autrement dit combien
étiez-vous de nettoyeurs, de gens qui faisaient votre
travail dans votre section? R. On était quatre,
les autres métiers runnaient pas, je ne suis trompé.

Q. Vous étiez quatre? R. Oui, et depuis ce
temps il en a parti deux.

20 Q. Vous étiez quatre et il en est parti deux?

R. Oui.

Q. C'est votre témoignage ça? R. Oui.

25 Q. Maintenant Monsieur Ballantyne vous a demandé si
autrefois il y avait pas six nettoyeurs, il y en avait
six dans le temps qu'il y avait plus de métiers qui
travaillent. R. Oui.

Q. C'est ce que vous voulez dire? R. Oui, je me
suis mêlé.

30 Q. Vous avez pas besoin d'être timide, regardez du
côté du Juge, sans timidité, et rendez votre témoignage.

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Belgique.

Q. - Actuellement vous le laissez encore sur 10 mètres
et vous laissez du travail dans d'autres endroits?

R. Oui.
Q. - Vous le laissez travailler sur 10 mètres
et vous laissez du travail dans d'autres endroits?

R. Oui.
Q. - Depuis qu'on a renvoyé des hommes?

R. Oui.
Q. - Mais tout à l'heure, en réponse à Monsieur Belin
type, vous avez dit, je ne sais trop comment, il vous
a demandé si autrefois vous étiez des six nettoyeurs.

R. Oui.
Q. - Mais pas trop en réponse à quoi, vous avez dit
six hommes et autrefois, par exemple, les nettoyeurs.

R. Oui.
Q. - Autrefois six nettoyeurs, maintenant six nettoyeurs
et maintenant six nettoyeurs, maintenant six nettoyeurs.

R. Oui.
Q. - Vous étiez quatre?
R. Oui, et depuis ça
deux il en a parti deux.

R. Oui.
Q. - Vous étiez quatre et il en est parti deux?
R. Oui.
Q. - C'est votre formation, n'est-ce pas?

R. Oui.
Q. - Maintenant Monsieur Belin, vous a demandé si
autrefois il y avait des six nettoyeurs, si il y en avait
six dans le temps où il y avait plus de nettoyeurs
travaillant.

R. Oui.
Q. - C'est ce que vous voulez dire? R. Oui, je me
suis méfié.

R. Oui.
Q. - Vous avez peu besoin d'être timide, regardez du
côté du juge, sans timidité, regardez votre

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Leflamme.

on vous parle de ce que vous faites, on demande de le dire, de dire rien que la vérité, dites nous ça d'une façon pour que l'on puisse comprendre?

5 R Oui.

Q Je vous ai demandé combien de métiers vous aviez à nettoyer, vous avez dit 96, est-ce correcte?

R Oui.

10 Q Lors du passage de la Commission Turgeon, vous nous avez dit que vous nettoyez ces 96 métiers, lorsque les warps étaient e levés on vous faisait nettoyer, mais toujours sur 96 métiers? R Oui.

Q Et actuellement vous faites ce travail là et ensuite qu'est-ce que vous faites?

PAR M. LE COMMISSAIRE.

15 Q De quoi vous plaignez vous maintenant?

R On se trouve à avoir plus d'ouvrage.

PAR MRE BEAUREGARD.

20 Q On a ajouté à votre ouvrage quoi, dites le à la Cour? R On a ajouté...ils nous ont donné plus d'ouvrage à faire.

Q Quelle sorte d'ouvrage en plus, quoi? R A cleaner et à balayer.

25 Q Quand vous êtes chez vous, qu'on vous a donné une fois plus d'ouvrage, et que vous revenez chez vous le soir, êtes vous capable de dire à votre femme et à vos amis, que vous avez eu plus d'ouvrage, c'est pour vous faire comprendre. c'est pareil ici, dites le à la Cour, quel ouvrage de surplus vous avez?

30 R Il faut couvrir la grandeur de 75 pieds de long, ça fait un joli balayage à faire, trimbaler les hoses.

-13398-

(Laflamme)

Q Vous nettoyez à l'air comprimé? R Avec la hose à l'air.

Q Sur combien d'autres métiers travaillez-vous, à part de vos quatre-vingt seize métiers, combien en avez-vous à nettoyer à part de vos quatre-vingt seize?

R On se trouve à clamer les warps et faire le balayage.

Q En dehors de vos 96 métiers, quel travail que vous faites, c'est le travail des warps? R On clean les warps.

Q Vous nettoyez les warps des autres métiers à part de vos 96 métiers? R Oui, on se trouve à clamer les warps des autres métiers.

Q Sur combien d'autres métiers faites-vous ça, à part de vos 96 métiers? R C'est 96, et il y a les autres.

Q Ca vous fait deux fois 96? R Oui, monsieur.

Q 96 que vous aviez et un autre 96 qu'on vous a donnés? R Oui.

Q Autrement dit vous faites le double d'ouvrage que vous faisiez avant? R Ca se trouve à faire 192 métiers.

Q Est-ce ça que nous devons comprendre que vous faites le double d'ouvrage que vous faisiez auparavant?

R Oui.

Q Combien est-ce que ça vous prend de temps pour nettoyer un métier, à part du warp? R Trois quart d'heure, une heure, ça dépend comment l'empoix est collé après les métiers, des fois on prendra une demie heure.

-13338-

(initials)

Vous retournez à l'air comprimé? R. Avec

la pose à l'air.

Sur comment d'autres métiers les villes-voies, à

est de vos droits-Vous savez métiers, comment on

vous-voies à retourner à part de vos droits-Vous savez

On ne trouve à classer les métiers et dans le

diverses.

En dehors de vos métiers, quel travail de

vous faites, c'est le travail des métiers? R. On

travaille les métiers.

Vous mettez les métiers les métiers à part

de vos métiers? R. Oui, on les trouve à classer

et les métiers les métiers métiers.

Sur comment d'autres métiers les métiers-voies, à

est de vos métiers? R. Oui, c'est la

à les métiers.

On vous fait avec les métiers?

R. Oui,

non plus.

est de vos métiers et en outre de vos métiers

à les métiers.

Alimentaire est vous faites la grande d'ouvriers de

R. Ça se trouve à faire

les métiers métiers.

les métiers.

Est-ce que vous savez comment les métiers

faites la grande d'ouvriers et des autres métiers

R. Oui.

Comment est-ce que les métiers de métiers de

travaille les métiers, à part de métiers? R. Oui

vous faites, les métiers, les métiers métiers

est comme après les métiers, les métiers on travaille

des métiers.

13399

Laflamme.

Q Le nettoyage du warp ça prend combien de temps?

R 15 à 20 minutes.

Q Vous travaillez 10 heures par jour? R Actuel-
lement.

5

Q Etes-vous tenu de nettoyer un certain nombre de
métiers à tous les jours? R Non, ça dépend com-
ment on n de l'ouvrage.

10

Q Je veux savoir, est-ce que vous devez nettoyer
ou
disons par jour, dix, quinze métiers, si le contre-
maitre vous dit chaque fois: vous allez aller nettoyer
tel métier? R Bien souvent il nous
dit que le cleanage ça presse pas.

Q Qu'est-ce que vous faites dans ce temps là?

R On fait d'autre chose.

15

Q Autre chose, quoi? R Il nous donne d'autres
choses à faire, on fait des commissions ou bien
il nous fait cleaner à d'autres places.

PAR MRE BAILLANTYNE.

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Q Encore une fois, combien de cleaners y a-t-il
maintenant avec vous, qui travaillent dans le weave
room? R Cinq de jours, actuelle-
ment.

Q Vous avez dit au commencement de votre témoignage
qu'il y avait à peu près 1000 métiers? R Dans
la grandeur, oui.

25

Q Vous, vous cleanez maintenant 96 métiers plus 96?
R Oui.

Q C'est le changement qui vient d'arriver?

R Oui.

30

Q Vous travaillez maintenant sur 192 métiers?

R C'est ça.

18839

Lafayette.

Q Le nettoyage du wagon de grand camion de l'épave
R 15 à 20 minutes.
Q Vous travaillez les heures par jour? R Actuel-
lement.
Q Et vous savez ce nettoyage un certain nombre de
heures à certaines fois? R Non, ça dépend com-
ment on a de l'ouvrage.
Q Je veux savoir, est-ce que vous devez nettoyer
d'habitude par jour, dix, quinze minutes, et la contri-
bution vous dit chaque fois: vous allez aller nettoyer
tel métier? R Bien souvent il nous
dit que le changement de presse par-
ce qu'est-ce que vous faites dans ce temps là?
R On fait d'autres choses.
Q Autres choses, quoi? R Il nous donne d'autres
choses à faire, on fait des commissions ou bien
il nous fait nettoyer à d'autres places.
PAR M. LE JUGE.
Q Encore une fois, combien de clefs y a-t-il
maintenant avec vous, qui travaillent dans la même
room? R Cinq de jours, actuelle-
ment.
Q Vous avez dit au commencement de votre témoignage
qu'il y avait à peu près 1000 métiers? R Dans
la Grande, oui.
Q Vous, vous clefs maintenant 96 métiers plus 96?
R Oui.
Q C'est le cas quand on vient d'arriver?
R Oui.
Q C'est ça.

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13400

Laflamme.

Q C'est bien ça? R Oui.

Q Ca laisse 4 nettoyeurs qui doivent faire le nettoyage de 800 métiers? R Oui.

5

Q C'est ça? R Oui.

Q Tous les autres travaillent sur 200 métiers à peu près? R Oui.

Q Etes-vous certain que vous travaillez sur 192 métiers? R Là j'ai cleané la dernière fois, sur 96 métiers, dans la partie de l'office.

10

Q La dernière fois que vous avez travaillé combien de métier aviez-vous à cleaner? R 96 métiers, c'est après mon accident, depuis quinze jours.

PAR M^{RE} BEAUREGARD.

15

Q Qu'est-ce que votre accident? R Je me suis fait mal au pouce.

PAR M^{RE} BALLANTYNE.

Q Vous travaillez sur 96 métiers ou sur 200 métiers environ, les autres cleanent font le même travail?

R Oui.

20

Q Et vous, vous êtes décidé, je ne sais pas pourquoi de venir ici vous plaindre, que vous aviez trop de travail, c'est ça le but de votre plainte?

R Je suis venu ici parce que j'ai été demandé de venir, sans ça je ne serais pas venu certain.

PAR M^{RE} BEAUREGARD.

25

Q Comme question de fait vous êtes quatre pour toute la section des 800 métiers qui travaillent?

R Cinq actuellement.

Q Vous êtes blessé depuis quand? R quinze jours.

30

Q Depuis ce temps là, vous voyiez à moins de métier qu'avant, depuis que vous êtes blessé, faites-

Lafayette.

13400

Q'est bien vrai? R Oui.
Ce laisse à natoyens par devant faire la
nettoyage de 800 mètres? R Oui.
C'est ça? R Oui.
Tous les autres travaillant sur 800 mètres à
pas grés? R Oui.
Etes-vous certain que vous travaillez sur 100
mètres? R Je l'ai creusé la dernière fois
sur 80 mètres, dans la partie de l'enceinte.
La dernière fois que vous avez travaillé comme
de nettoyer avec-vous à nettoyer? R Je nettoie,
c'est après mon accident, depuis quinze jours.
R Vous nettoiez sur 80 mètres ou sur 100 mètres
environ, les autres creusent à toute main travail.
R Oui.
Et vous, vous êtes blessés? R Je suis un peu
gout de venir ici vous faire, que vous avez trop
de travail, c'est ça le but de votre plainte?
R Je suis venu ici parce que j'ai été blessé de
venir sans ça je ne serais pas venu certain.
R Vous êtes blessés depuis quand? R Depuis quinze jours.
R Vous êtes blessés là, vous êtes à l'hôpital?
R Oui, depuis quinze jours.

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13401

Laflamme.

Lambert.

vous le même travail, faites-vous votre travail pareil? Je suis sur les assurances.

Q Depuis que vous êtes blessé vous ne travaillez pas? R Non.

Q Ca fait quinze jours que vous ne travaillez pas?

R Oui.

ET LE TEMOIN NE DIT RIEN DE PLUS.

-o-o-o-o-o-o-o-o-o-o-

A COMPARU WILFRID LAMBERT.

LEQUEL témoin est assermenté.

INTERROGE PAR MRE BEAUREGARD:

Q Quel âge avez-vous Monsieur Lambert?

R Vingt-cinq ans.

Q Vous demeurez à quel endroit? R Je demeure à Sherbrooke.

Q Vous travaillez à quel endroit? R A la Dominion Textile.

Q Quel est le genre de travail que vous faites vous? R Stripper à la card room.

Q Depuis combien de temps travaillez-vous comme stripper? R Depuis quatre ans.

Q Votre salaire a-t-il varié depuis 4 ans?

R Il a été baissé une fois de 5%, la première baisse, 10%, après ça ils nous ont redonné 5 cts, et ils ont gardé l'autre 5 cts.

Q Vous avez eu connaissance du passage de la Commission Targeon à ~~Sherbrooke~~ Sherbrooke?

R Oui, j'ai paru.

13601

Interrogatoire
Lévesque

vous le même travail, fait-elle vous travaillez
seul?

Depuis que vous êtes libéré vous ne travaillez
pas?

Où fait-elle vous ne travaillez pas?
Non.
Et la femme ne vit plus de cela.

-O-O-O-O-O-O-O-O-O-O-

IMMÉDIATEMENT
IMMÉDIATEMENT
IMMÉDIATEMENT

Quel âge avez-vous maintenant?
Quel âge avez-vous maintenant?
Vous demandez à quel moment? N. le demandeur.

Immédiatement à quel moment?
Immédiatement à quel moment?
Immédiatement à quel moment?

Depuis combien de temps travaillez-vous comme
stripper?
R. Depuis quatre ans.
Votre salaire est-il varie depuis 4 ans?

Il y a eu une augmentation de 10% après 4 ans, mais ont répondu 50%
et ils ont gagné l'autre 50%.
Vous avez eu connaissance de passage de la
Commission d'enquête à l'Université?

13601

Q Est-ce qu'il est arrivé du changement quant à vous dans la charge de l'ouvrage? R Oui.

Q Qu'est-ce qui est arrivé quant à vous?

R Dans le temps...

Q Lors de l'enquête au mois de mars, dernier, combien de machines aviez-vous? R Avant on avait quatre vingt-dix cars, à cette heure on en a cent dix.

Q Vous avez eu une augmentation de 20 card^{es} sous votre surveillance? R Oui.

Q Etes-vous seul qui êtes allé de 90 cartes à 110 cartes? R Oui.

Q Aujourd'hui? R Oui.

Q Avez-vous actuellement le salaire correspondant de 30%, pour correspondre à l'augmentation de cartes, avez-vous eu une augmentation de salaire de 30%?

R Non, le même salaire.

Q Quel est votre salaire? R Quand je fais 55 heures, ça me donne \$13.20.

Q On a ajouté un tiers à ce que vous faisiez, non pardon, c'est 20 cartes sur 90. Vous travailliez à 90 cartes et on a ajouté 20 cartes, ce qui fait 110?

R Oui.

Q Et vous n'avez pas eu l'augmentation de salaire correspondant? R Non.

Q Est-ce qu'il y a eu d'autres modifications, des aides d'ajoutées, autre chose? R Ils ont oté un homme et ils nous font commencer à 6 hrs le matin, ça fait 10½ hrs.

1917

Est-ce qu'il est arrivé un changement dans la charge de l'ouvrage? R. Oui.

Qu'est-ce qui est arrivé dans à vous?

Il y a le temps...

Lors de l'expédition au mois de mai, j'étais...
...à l'époque où...

Avait quatre vingt-dix ans, à cette époque on en...

Vous avez eu une augmentation de 20 cent...
votre surveillance? R. Oui.

Après-vous avez été alié de 20 centes à 110 centes? R. Oui.

Aujourd'hui? R. Oui.

Avez-vous actuellement le même correspondant de 300, pour correspondre à l'augmentation de 200...
...à l'époque où...

Non, le même salaire.

Quel est votre salaire? R. Quand je fais 25 heures, je me donne 418.20.

On a ajouté un tiers à ce que vous faisiez, non? Pardon, c'est 20 centes sur 20. Vous travailliez à 20 centes et on a ajouté 20 centes, ça fait 110? R. Oui.

Il y a une augmentation de 20 centes...
correspondant? R. Non.

Est-ce qu'il y a eu d'autres modifications...
...à l'époque où...

13402 A

LAMBERT.

Q Savez-vous si cet homme là, s'il a été renvoyé ou s'il travaille ailleurs? R Il a fallu qu'il arrête par rapport à une cause.

5 Q Une affaire particulière? R Oui, ensuite de ça il aurait travaillé.

Q Il a cessé de travailler, et puis vous vous êtes partagé son ouvrage, ses confrères? R Oui, à deux. Avant on avait chacun 90 cartes, et on était deux chaque fois qui stripaient, ils nous ont donné une demie heure de plus le matin.

10 Q Depuis qui est parti combien de cartes avait-il? Vous commencez à 6½ hrs le matin au lieu de sept heures? R Lui il avait un set à avoir soin, il y a 220 cartes.

15 Q Vous vous en aviez 90? R Oui.

Q Et un de vos compagnons avait aussi 90?

R Oui, et l'autre avait soin d'environ 35 cartes.

Q Les cartes de cette autre personnes partie, ont été divisées entre vous et votre autre compagnon?

R Oui.

20 Q Pour être capable de faire ce travail là vous commencez plus à bonne heure le matin? R On commence à 6½ heures le matin.

Q Avant vous commenciez à 7 heures? R Oui, quand et les autres.

25 Q Vous êtes sur un salaire qui vous rapporte à 55 heures, \$13.20? R Oui.

Q Vous êtes à l'heure? R Oui.

Q Avec la demie heure de temps additionnel, êtes-vous capable de faire l'ouvrage sur les 110 cartes, avec autant de facilité que vous pouviez le faire avec 90 cartes sans la demie heure? R On

13402 A

INTERVIEW

Q. Nevez-vous si cet homme là, s'il a été témoin
ou s'il travaille ailleurs? R. Il a travaillé ailleurs.
arrête par rapport à une affaire.
Q. Il a cessé de travailler, et puis vous vous êtes
partagé son ouvrage, ses connaissances? R. Oui, à
deux. Avant on avait un seul homme, et on était
une seule main de plus le matin.
Q. Quel jour est parti comme les autres avait-il
... Vous commencez à 6 heures le matin et fin de la
heures? R. Lui il avait un job à avoir, donc
il y a deux heures.
Q. Vous vous en allez 20?
R. Et on se voit quelquefois avant 20 heures.
Q. Et l'autre avait son job d'environ 25 heures.
R. Les autres de cette autre personne partie, ont
été livrés entre vous et votre autre compagnie?
R. Oui.
Q. Vous êtes capable de faire ce travail là vous
commencez plus à 6 heures le matin? R. On commence
à 6 heures le matin.
Q. Avant vous commencez à 7 heures?
R. Oui, par
...
Q. Vous êtes capable de faire ce travail là vous
commencez plus à 6 heures le matin? R. On commence
à 6 heures le matin.
Q. Avant vous commencez à 7 heures?
R. Oui, par
...
Q. Vous êtes capable de faire ce travail là vous
commencez plus à 6 heures le matin? R. On commence
à 6 heures le matin.
Q. Avant vous commencez à 7 heures?
R. Oui, par
...

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13403

LAMBERT.

le fait, mais on le fait pas tel qu'on doit le faire.

Q Vous considérez que le travail en souffre?

R Oui, on commence à 6½ hrs le matin, il faut courir et on court de même jusqu'à midi.

5

Q Vous faites votre ouvrage en courant?

R Oui, ils ont calculé ça à deux minutes chaque carte, ils ont timé deux minutes chaque carte, quand une slab tombe à terre, ils ont pas compté ça eux autres.

10

Q Vous êtes obligé de passer continuellement d'une charge à l'autre, quand vous la nettoyez, pour enlevez les déchets?

R Oui.

Q Et vous raccordez les fils, et on a apprécié que ça prenait deux minutes par machine?

R Oui, monsieur.

15

Q Avec le travail que vous avez là, il faut que vous vous en teniez à vos deux minutes par machine?

R Oui.

Q Il y a pas de place de laissée pour les accidents, il y a pas de temps laissé libre à cause d'accidents, qui peuvent survenir?

R Non.

20

Q Pouvez-vous faire votre travail à toutes les cartes en deux minutes, est-ce qu'il arrive que ça prend plus de temps que ça?

R Oui, certain,

des fois une strap tombe à terre, et ça prend deux ou trois minutes à l'embarquer.

25

Q Deux minutes par machine, c'est un minimum, ça peut pas se faire à moins de temps que ça?

R Non.

Q Il y a pas de temps à gagner sur les deux minutes?

R Non, il y a pas de temps à perdre sur les deux

30

minutes.

18403

18403

le fait, mais on le fait pas tel qu'on doit le faire

Vous commentez que le travail en souffre?

R. Oui, on commence à se fatiguer le matin, il faut continuer

et on court se reposer à midi.

Vous faites votre travail en continu?

R. Oui, ils ont calculé ça à deux minutes par

charge, ils ont fait deux minutes par charge, quand

une fois temps à terre, ils ont pas compté ça eux non

Vous êtes obligés de passer continuellement d'une

charge à l'autre, quand vous la nettoyez, pour enlever

les déchets? R. Oui.

Il faut nettoyer les machines, et on a toujours

la garniture deux minutes par machine? R. Oui.

Par exemple.

Avec le travail que vous avez là, il faut que

vous en teniez à vos deux minutes par machine?

R. Oui.

Il y a pas de place de laissez pour les accidents

il y a pas de temps laissé libre à cause d'accidents,

est-ce que vous savez?

Pouvez-vous faire votre travail à toutes les

charges en deux minutes, est-ce qu'il arrive que

ça prend plus de temps que ça? R. Oui, certain,

les fois une charge temps à terre, et ça prend deux

ou trois minutes à l'embarquer.

Deux minutes par machine, c'est un minimum, ça

est pas se faire à moins de temps que ça?

R. Non.

Il y a pas de temps à gagner sur les deux minutes

parce qu'il y a pas de temps à perdre sur les deux

minutes.

13404

Lambert.

Q Si je comprends bien, ce qui est arrivé, quand vous travaillez vous et votre compagnie une demie heure de plus, vous vous trouvez à faire une heure de travail de plus par jour? R Oui.

5 Q Vous comptez six jours comme ça? R Non, le samedi on strip pas, on arrête à huit heures.

Q C'est cinq jours? R Oui.

Q Autrement dit, vous travaillez cinq heures de plus à vous deux, que vous ne travailliez avant?

10 R Oui, par quinze jours, parce qu'on commence une demie heure avant tous les matins.

Q Et grace à ce cinq heures de travail, vous remplacez un homme à vous deux? R Oui, mais l'autre homme avait un set mais il charroyait les lappes.

15 Q L'autre homme avait un travail double, il avait la moitié moins de machine que vous, et il transportait des lappes de coton, le coton enroulé?

R Oui, et il sortait la poussière de dessous les cardes.

20 Q Il faisait deux sortes de travaux lui?

R Oui, monsieur.

Q Il donnait une partie de son temps à sa section?

R Oui.

Q Vous le remplacer pas au travail des lappes?

25 R Non.

Q Vous le remplacez sur ses cardes? R Oui, je trouvais pourtant que j'avais assez de 90 cardes à stripper.

30 Q Vous trouviez qu'avec 90 cardes vous aviez votre capacité de travail? R Oui, c'est dur.

Q Si je comprends bien, ce qui est arrivé, quand vous
travailliez vous et votre compagnie une semaine pendant
de plus, vous vous trouvez à faire une heure de
travail de plus par jour? R Oui.
Q Vous comptez six jours comme ça? R Non.
Le samedi on est en repos, on n'est pas à l'ouvrage.
Q C'est tout? R Oui.
Q Autrement dit, vous travaillez cinq heures de
plus à vos heures, que vous ne travailliez avant?
R Oui, par exemple, parce qu'on commence une
semaine à six heures.
Q Et grâce à ce cinq heures de travail, vous trou-
vez un homme à vos heures? R Oui, mais
l'autre homme avait un set mais il charroyait les
matériaux.
Q L'autre homme avait un travail nouveau, il avait
la moitié moins de machines que vous, et il transpor-
tait des lattes de coton, le coton entouillé?
R Oui, et il avait la moitié de la machine que
vous.
Q Il faisait deux heures de travail par
jour.
Q Il donnait une partie de son temps à sa section
R Oui.
Q Vous le considérez comme un travailleur?
R Non.
Q Vous le considérez comme un travailleur?
R Non.
Q Vous trouvez pourtant que j'avais assez de 50 cordes à
stripper.

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13405.

(Lambert).

Q Vous trouviez que c'était une charge suffisante à 90?

R Oui.

Q C'est ce que vous pouviez faire? R Oui.

Q Mais vous en faites un peu plus que ça depuis ce temps là?

R Oui.

Q Quand a eu lieu ce changement là? R Il y a à peu près deux mois.

Q Maintenant, M. Lambert, comme employé de la Dominion Textile à Sherbrooke, je comprends que vous êtes assuré dans la compagnie Metropolitan Life?

R Oui.

Q Vous avez une assurance que la compagnie a fait prendre à ses employés?

R Oui.

Q Les primes sur cette assurance sont payées partie par l'employé et partie par la compagnie?

R Oui.

Q C'est comme ça? R Oui, je sais que je paye 15 cts par semaine, qu'ils otent sur notre paye.

Q Sur votre salaire? R Oui, 15 cts par semaine, 30 cts par quinze jours.

Q Avez-vous demandé de la prendre cette assurance là?

R Non, je l'ai pris de force.

Q DITES-nous donc comment c'est arrivé?

R Il a arrivé la première fois, l'agent est venu dans l'office, ils m'ont fait demandé là, j'ai été parlé de l'assurance, là j'ai reviré d'abord, j'ai dit: je la prends pas l'assurance, je vais regarder quand est-ce que c'était. Elle est venue en force au moulin en 1933.

13406

Lambert.

Q A quel bureau aviez-vous été appelé comme ça?

R Dans l'office de la card room.

Q Avec qui? R Monsieur Rousseau et M.E-mile Roch.

5 Q M.Rousseau qui est-ce? R C'est le contre-maitre.

Q Et M.Roch? R C'est son commis ça.

Q Vous avez tourné les talons et vous êtes reparti, vous en vouliez pas? R Non.

10 Q Qu'est-ce qui est arrivé après ça? R Je l'ai pas pris, j'ai pris la mienne en 1935. Là ils nous ont appelés à l'office, le boss est venu me dire M.Gilbert, qu'il me faisait demander à l'office pour l'assurance, il dit, il faut que vous y alliez, j'ai
15 continué à stripper, il est revenu me le dire, là j'ai été à l'office, je voyais M.Roch et M. Rousseau assis, il a dit: ça t'intéresse tu l'assurance, j'ai dit: non, si ça m'avait intéressé, je l'aurais pris la première fois, il dit à matin il faut que tu
20 la prenne l'assurance, en voulant dire que si on la prenait pas l'assurance...

Q Vous avez compris que votre emploi dépendait de votre oui ou de votre non quant à l'assurance?

R Oui.

25 Q Vous avez pris votre assurance pour garder votre emploi? R Oui.

Q Malgré que la compagnie ait installé ce système en 1933, vous l'aviez pas pris de 1933 à 1935?

R Non monsieur,

PAR M^{RE} BALLANTYNE.

30 Q M.Lambert, vous vous êtes assuré depuis 1935?

R Oui.

1540C

1540C

A quel bureau avez-vous été appelé comme ?

Dans l'office de la ville.

Avez-vous ?

Mais non.

M. le directeur est-il ?

Présent.

Et M. le directeur ?

Il est au bureau.

Vous avez dit que les bureaux et les autres ?

Non, non.

Qu'est-ce qui est arrivé après ?

L'après-midi, j'ai pris la machine à écrire.

Mais ont appelé à l'office, le bureau est venu me dire.

M. le directeur, qu'il me faisait demander à l'office pour

l'assurance, il dit, il faut que vous aillez, j'ai

continué à écrire, il est revenu me le dire, il

l'est été à l'office, le voyage M. le directeur et M. le directeur

dit: non, et ça m'avait intéressé, je l'avais pris

la première fois, il dit à partir de là que tu

la phrase l'assurance, en venant dire que si on la

de votre qui on de votre non dans à l'assurance ?

Oui.

Vous avez pris votre assurance pour garder votre

assurance ?

Je n'ai pas de compagnie d'assurance de système

en 1933, vous l'avez prise de 1933 à 1935 ?

Oui.

M. le directeur.

M. le directeur, vous avez dit que vous l'avez prise

Oui.

1340 7

(Lambert).

Q Sur la police de la compagnie? R Oui.

Q Vous payez 15 cts par semaine? R Oui.

5 Q Ca vous donne une protection contre tous les accidents qui arrivent, lorsque vous ne travaillez pas, et toutes les maladies et les bénéfices, les bénéfices sont payables le huitième jour de votre incapacité, et peuvent continuer pour une période de 13 semaines.

10 PAR MRE BEAUREGARD:

Q C'est sujet à la formule produite.

PAR MRE BALLANTYNE.

Oui, comme pièce No.35.

PAR M.LE COMMISSAIRE:

15 $\frac{1}{2}$ Q C'est la même formule.

PAR MRE BALLANTYNE.

Tout ce que je veux ici c'est de rappeler au témoin que donne cette police d'assurance, afin de le transquestionner un peu plus long.

PAR M.LE COMMISSAIRE:

20 Il me semble qu'il en a une copie dans sa poche.

PAR MRE BALLANTYNE.

Q Avez-vous une copie de la formule, qui donne les bénéfices par la compagnie?

LE TEMOIN: Oui.

25 PAR MRE BEAUREGARD:

Q Alors prenez là.

LE TEMOIN: \$7.50 par semaine en cas de maladie.

PAR MRE BALLANTYNE.

30 Q Savez-vous que sur les primes d'assurance la compagnie paye plus que 40% de vos primes, et que

(10) (11) (12)

7 CASE

0' tae teqes á sí el mroo e oimono,

... ..

est la même et les

de l'administration au sein des

1-10-68

les bénéficiaires par la compagnie

LE TARIFF: \$7.50 par semaine en cas de maladie

RECEIVED 1974 JAN 24

of a person's family and the person's family.

— Pour les autres, il y a des primes, et ces

13408

LAMBERT.

tous les autres savent ça? R Je ne le sais pas.

5 Q Savez-vous que lorsqu'on a eu l'idée de donner cette assurance, qui est pour protéger les ouvriers contre les accidents et maladies qui ne tombent pas sous la loi des accidents du travail, qu'on a demandé aux employés et plus que 75% ont voulu avoir cette assurance, saviez-vous ça? R Oui.

10 Q Et savez-vous que pour quelque temps après que l'assurance a été mis en force, c'était volontaire, c'est-à-dire que quelqu'un, un des employés pouvait se faire assurer ou non, qu'il pouvait se faire assurer pendant quelque temps, et ne pas être assuré pendant le temps suivant. Saviez-vous ça que c'était volontaire?

15 R Oui,....

Q Le saviez-vous ou non? R J'en ai entendu parler, cette assurance là, quand on l'a pris, ils l'ont pas expliquée comme vous l'expliquez là.

20 Q Je vais vous demander une autre explication sous forme de question. Savez-vous que la compagnie d'assurance ne peut pas assurer les employés du moulin sans que tous les employés soient assurés pendant toute la duration de la police, parce qu'autrement, il n'est pas possible que la compagnie d'assurance, de le faire. Vous ne saviez pas ça? R Je savais pas ça, Je pensais qu'ils avaient pas droit de nous faire assurer malgré nous autres.

25 Q La plupart des employés, ou la grande majorité ont voulu être assuré, alors pour avoir cette assurance, la compagnie a dû faire une condition de travail chez eux pour tous les gens chez eux qui travaillaient soient assurés. Vous peut être vous

30

1000
tous les autres savent-ils ? R Je ne le sais pas.

Q Savez-vous que lorsque, on a eu l'idée de donner cette assurance, on est pour protéger les ouvriers contre les accidents et maladies qui ne tombent pas sous la loi des accidents du travail, qu'on a donné aux employés et plus des 75% ont voulu avoir cette assurance, savaient-ils ? R Oui.

Q Et savez-vous que pour donner l'assurance, l'assurance a été mise en force, c'était volontaire, à dire que quelqu'un, un des employés pouvait se faire assurer ou non, qu'il pouvait se faire assurer pendant quel ou temps, et ne pas être assuré pendant temps s'il veut. Savaient-ils que c'était volontaire ? R Oui....

Q Le savaient-ils ou non ? R J'en ai entendu parler, cette assurance là, quand on l'a prise, ils l'ont bien expliquée comme vous l'expliquez là.

Q Je vais vous demander une autre explication sous forme de question. Savez-vous que la compagnie d'assurance qui a été créée pour assurer les employés pendant toute la durée de la police, parce qu'autrement, il n'est pas possible que la compagnie d'assurance, de le faire... Vous ne savez pas ? R Je savais pas, je pensais qu'ils avaient pas droit de faire autre chose.

Q Les employés qui ont été assurés, ont-ils été assurés pendant toute la durée de la police, parce qu'autrement, il n'est pas possible que la compagnie d'assurance, de le faire... Vous ne savez pas ? R Je savais pas, je pensais qu'ils avaient pas droit de faire autre chose.

13409

Lambert

ne comprenez pas les bénéfices que vous avez ici,
vous ne voulez pas être assuré. Avez-vous le droit
d'empêcher la majorité des autres d'être assurés,
la grande majorité qui veulent avoir cette protection,
5 prétendez-vous ça? R Oui.

Q Nous allons laisser cette question d'assurance, si
vous dites que vous pouvez empêcher d'autres d'avoir
cette protection? R S'ils parlent comme il
faut, j'ai un voisin chez nous, ça fait un mois
10 qu'il a pas travaillé, il a pas été payé, et ils
nous font prendre des assurances.

Q Vous dites qu'il y a un employé qui est obligé
de payer, quand il est payé par la compagnie, on
prend 10 cts ou 5 cts comme prime? R Oui.

Q La compagnie d'assurance ne paie pas vous dites?
15 R Ca fait un mois que cet homme là est sans
ouvrage, il m'a dit qu'il était dans cette police là,
et ils ont encore rien payé de ça.

PAR M. LE COMMISSAIRE:

Q Quel est le nom de cet ouvrier là?
20

R M. Isabelle je pense.

PAR M. TRE BEAUREGARD:

Q Votre voisin? R Un de mes voisins.

PAR M. LE COMMISSAIRE:

quelle est le nom de la compagnie.

25 PAR M. TRE BEAUREGARD:

La Metropolitan Line.

PAR M. TRE BALLANTYNE.

Q Maintenant avant cette augmentation de travail
dont vous nous avez parlé tout à l'heure, combien
30 étiez-vous dans votre section de card room, combien
étiez-vous?

Lament

1950

compagnies des les benévolentes des vous avez été
vous ne voulez pas être assés. Avec-vous les
l'assemblée la majorité des autres d'être assés.
la grande majorité qui veulent avoir cette protection
répondrez-vous que?

Il nous allons laisser cette question d'assurance,
vous dites que vous pouvez empêcher d'autres d'avoir
cette protection? R. Si il y a quelque chose il

tout, j'ai un voisin on ne nous, le fait un mois
de l'été à pas travailler, il a été payé, et il
nous a tout payé des assurances.

Vous dites qu'il y a un employé qui est obligé
de payer, quand il est payé par la compagnie, on
prend le cas on s'assure qu'il y a.

La compagnie d'assurance ne paie pas vous dit-elle?
On fait un mois que cet homme n'est pas
couvert, il n'a dit qu'il était dans cette police là,
et ils ont encore rien payé de ça.

PAR M. LE COMMISSAIRE:

Quel est le nom de cet employé là?

LE COMMISSAIRE: M. L.

LE COMMISSAIRE: M. L.

Votre voisin? R. Un de mes voisins.

PAR M. LE COMMISSAIRE:

Quelle est le nom de la compagnie?

PAR M. LE COMMISSAIRE:

La Metropolitan Life.

LE COMMISSAIRE:

Quel est le nom de cet employé là?

PAR M. LE COMMISSAIRE:

Il n'y a rien de plus à dire.

13410

Lambert.

R Avant on était trois.

Q Vous étiez trois? R Oui.

Q Avant combien de machine y avait-il?

R 90 avant.

5 PAR MRE BEAUREGARD:

Q Chacun? Chaque, oui.

PAR MRE BAYLLANTYNE.

Q Mais il y avait 240 machines? R Oui.

Q Est-ce que toutes ces machines là marchaient?

R Oui.

10

Q Maintenant quant à cette augmentation de travail, je comprends qu'un de vous trois est parti?

R Oui monsieur.

Q Vous restez deux à faire le travail du troisième?

R Oui.

15

Q Lui il est parti vers quelle date? R Je ne peux pas le préciser.

Q Parce que je veux bien demander des explications de mes clients? R Il y a à peu près deux mois que je fais cet ouvrage là.

20

Q Ça serait au mois de septembre? R A peu près.

Q Comment s'appelle-t-il ce monsieur qui est parti? R Rondeau, son surnom, j'en le sais pas.

25

Q Son premier nom, son prénom? R Je le sais pas, son nom de famille, je le sais pas son nom de baptême.

Q Il reste toujours les mêmes machines dans votre département, il y a pas eu de changements?

30

R Non.

Interprète

LELIE

Avant on était trois.

Vous étiez trois ? Oui.

Avant combien de temps ? Avant.

Et maintenant ?

Il n'y a plus rien.

Quand ?

Il n'y a plus rien.

Mais il y avait les deux autres ? Oui.

Est-ce que toutes ces personnes là travaillaient ?

Oui.

Maintenant dans cette augmentation de travail ?

Il n'y a plus rien.

Oui monsieur.

Vous restez deux à faire le travail de trois ?

Oui.

Est-ce que vous avez des difficultés ?

Non pas le préciser.

Parce que je veux bien demander des explications de mes clients ?

Il y a à peine deux mois que je fais cet ouvrage là.

On serait en mesure de répondre ? A peu près.

Comment s'appelle-t-il le monsieur qui est ?

Le monsieur, son nom, j'en suis sûr ?

Son premier nom, son prénom ? Je le sais.

Je le sais, je le sais pas son nom de famille, je le sais pas son nom de famille.

Il reste toujours les mêmes machines dans votre

Atelier ? Il y a eu des changements.

13411

Lambert.GRIMARD.

Q Faites-vous exactement le même travail que vous faisiez sur les 90 machines. Qu'est-ce que vous faisiez sur les 90 machines, racontez-moi ça en détail?

R Pareille comme je fais, je les strippais.

Q Tout à fait pareil? R Oui.

Q C'est pareil comme vous travailliez sur les 90 machines? R Oui.

Q C'est le même travail à part de l'augmentation des machines? R Oui, c'est le même strippage.

Q Il y a pas eu de changement? R Non, monsieur, il y a pas eu de changement.

ET LE TEMOIN NE DIT RIEN DE PLUS:

-O-O-O-O-O-O-O-O-O-O-O-O-

A COMPARU: ROMEO GRIMARD,

Lequel témoin après serment prêté.

Interrogé par Mtre BEAUREGARD.

Q Monsieur Grimard, quel âge avez-vous?

R Trente-trois ans.

Q Où demeurez-vous? R A Sherbrooke.

Q Où travaillez-vous? R Je travaille à la Dominion Textile.

Q Depuis combien de temps? R Depuis 18, 19 ans.

Q Quel est votre travail actuel? R Je suis mécanicien.

Q Etes-vous payé à la semaine ou à l'heure?

1941

Interrogatoire

Q. Faites-vous exclusivement le même travail que vous
faîtes sur les 30 machines. Qu'est-ce que vous
faîtes sur les 30 machines, racontez-moi de en
détail? R. Pareil les comme je fais, les
les strippeuses.
Q. Tout à fait pareil?
R. Oui.
Q. C'est pareil comme vous travaillez sur les
30 machines? R. Oui.
Q. C'est le même travail à part de l'agencement
des machines? R. Oui, c'est le même strippeuse
Q. Il y a pas eu de changement? R. Non, non, non.
Il y a pas eu de changement.
ET LE TEMPLER NE DIT RIEN DE PLUS:

Q. Quel travail faites-vous?
R. Travail de strippeuse.
Q. Monseigneur, quel âge avez-vous?
R. Trente-trois ans.
Q. Où êtes-vous née?
R. A Sherbrooke.
Q. Où travaillez-vous?
R. Je travaille à
la plantation de papier.
Q. Depuis quand?
R. Depuis 1941.
Q. Quel est votre travail actuel?
R. Je suis
mécanicienne.

13412

Grimard.

R. A l'heure.

Q. Quel salaire avez-vous? R. \$18.90 par semaine.

5

Q. Alors \$18.90 c'est plein temps? R. Oui, monsieur.

Q. Dix heures par jour? R. Cinquante-cinq heures par semaine.

10

Q. Est-ce qu'il y a eu quelque chose de changée dans les conditions de travail, depuis le passage de la Commission Targeon à Sherbrooke? R. Non, monsieur.

Q. Il y a eu aucun changement? R. Non.

Q. Etes-vous assuré dans la compagnie d'assurance Metropolitan? R. Oui.

15

Q. Police émise à la demande de la compagnie Dominion Textile sur la santé des employés? R. Oui, monsieur.

Q. Est-ce qu'il y a longtemps que vous êtes assuré?

R. En 1935.

20

Q. J'ai compris que l'assurance, d'après le témoin précédent, avait commencé en 1933? R. En 1935 ou en 1934.

Q. Qu'on avait commencé à assurer les employés en 1933? R. Ah oui.

Q. Avez-vous été demandé, sollicité? R. Oui.

25

Q. De vous assurer en 1933? R. Oui.

Q. Vous êtes vous assuré cependant? R. Non, monsieur.

Q. Vous avez refusé? R. Oui.

30

Q. Vous êtes-vous assuré cette fois-ci à la suite de nouvelles pressions? R. A la deuxième demande, j'ai pris l'assurance.

1941

Q Alors \$18.00 c'est plein temps? R Oui.

Q Est-ce qu'il y a eu quelque chose de changé dans les conditions de travail, depuis le passage de la Commission Ferguson à Sherbrooke? R Non.

Q Et vous êtes dans la compagnie d'aujourd'hui? R Oui.

Q Police emise à la suite de la compagnie Dominion? R Oui.

Q Est-ce qu'il y a longtemps que vous êtes assurant? R Oui.

Q Quel compte a été l'assurance, après le témoin? R Oui.

Q Quel avant commencé à assurer les employés en 1934? R Oui.

Q Avez-vous été demandé, sollicité? R Oui.

Q De vous assurer en 1933? R Oui.

Q Vous avez refusé? R Oui.

Q A la dernière année, R Oui.

13413

GRIMARD.

Q Vous vous êtes conformé à cet ordre?

R Oui, je l'ai accepté à une condition, j'ai demandé à mon contre maitre si on était obligé de la prendre, il m'a répondu il faut bien, elle est obligatoire, si tu prends pas l'assurance, on va te remercier de tes services.

Q Quand vous avez constaté qu'il fallait choisir entre l'emploi et l'assurance, vous avez accepté l'assurance?

R Oui, parce qu'il y avait pas d'ouvrage ailleurs.

Q Quel est le nom du contremaître qui vous a dit ça?

R Louis Rousseau.

Q Est-ce que l'argent d'assurance a été là de temps en temps?

R Oui, en 1935.

Q Est-ce qu'il était là quand il vous a dit ça?

R Non, il n'était pas là.

PAR MRE BALLANTYNE.

Q Savez-vous que pour avoir une assurance, que la majorité des employés, pour la majorité des employés, il faut avoir l'assurance pour tous les employés, vous saviez pas ça?

R Je savais qu'il fallait avoir la majorité des employés pour avoir droit d'assurer le monde.

Q Vous ne saviez pas qu'il fallait assurer tous pour avoir une assurance?

R Oui, mais je voulais pas accepter la police d'assurance.

Q Savez-vous que 93% des primes reçues par la compagnie d'assurance, ont été payés en bénéfices pour les employés?

R J'ai pas suivi ça.

PAR MRE BEAUREGARD:

Q Je comprends que vous n'avez pas évalué les avantages pour les autres, vous les avez regardé à votre point de vue?

1971

Q Vous vous êtes contenté à cet ordre?
R Oui, je l'ai accepté à une commission, j'ai
demandé à mon contre maître si on était obligé de
le prendre, il m'a répondu il faut bien, elle est
obligatoire, et tu prends pas l'assurance, on
te te remercie de tes services.
Q Quand vous avez constaté qu'il fallait choisir en
l'emploi et l'assurance, vous avez accepté l'assurance?
R Oui, parce qu'il y avait pas d'autres solutions.
Q Quel est le nom du contratant par vous a été
dit?
R Louis Robitaille.
Q Est-ce que l'assurance a été là de temps
en temps?
R Oui, en 1932.
Q Est-ce qu'il était là quand il vous a dit, et
qu'il était là?
R Oui, c'est tout.
Q Avez-vous des pour avoir une assurance, que la
majorité des employés, pour la majorité des employés,
il faut avoir l'assurance pour tous les employés.
Q Vous savez pas si le savez qu'il fait
fait avoir la majorité des employés pour avoir droit
d'assurer la maison.
Q Vous ne savez pas qu'il fallait avoir son pour
avoir une assurance? R Oui, mais je voulais
pas accepter la police d'assurance.
Q Avez-vous des des des primes re, pas la
composition d'assurance, ont été payés en bénéfices
pour les employés?
R Oui, c'est tout.
Q La compagnie des vous n'avez pas eu les sa-
voir les employés, vous les avez payés à l'heure
point de vue?

5
10
15
20

13414

Grimard.

R J'ai regardé pour moi, dans mon emploi, je suis plus supposé avoir un accident que de la maladie.

Q Et cette protection vient du côté de la Province?

R Oui.

5

Q Plus supposé avoir un accident que de la maladie?

R Oui, sur notre emploi on est plus supposé avoir un accident que d'autres maladie?

Q A votre emploi? R Oui, c'est pour la raison que j'ai pas voulu accepter la police d'assurance.

10

Q Dans votre opinion, le risque était que l'assurance ne vous était pas favorable? R Non.

Q Et vous l'avez accepté quand on l'a rendu obligatoire? R Oui.

15

Q Vous l'aviez refusé en 1933? R Oui.

Q Et vous l'avez accepté en? R 1935 ou en 1935, j'ai pas remarqué la date.

ET LE TEMOIN NE DIT RIEN DE PLUS .

20

QU'IL plaise à la Cour, c'est le dernier témoin disponible. Si nous avons quelques minutes.

25

PAR LE COMMISSAIRE: Ajourner pour quelques minutes.

ADVENANT midi moins 10 la Commission s'ajourne à midi.

30

Grinnell 1911

Je n'ai regardé pour moi, dans mon emploi, je suis plus subordonné avoir un accordant que de la machine. Et cette protection vient du côté de la machine?

Non.
Elle est sous avoir un accordant que de la machine. Oui, car notre emploi on est plus subordonné avoir un accordant que d'autres machines?

A votre emploi? Oui, c'est pour la raison que j'ai pas voulu accepter la police d'assurance.

Dans votre opinion, la machine était plus dangereuse? Non, parce qu'elle était plus favorable? Non, parce qu'elle était plus dangereuse?

Et vous l'avez acceptée quand on l'a rendu obligatoire? Oui.

Vous l'avez refusée en 1933? Non.

Et vous l'avez acceptée en 1935? Non.

En 1935, j'ai pas renoncé à cela.

Et en 1935 on dit rien de plus.

-O-O-O-O-O-O-O-O-O-O-O-O-O-O-

Qu'il s'agisse de la Cour, c'est la dernière fonction. L'opinion. Si nous avions des machines.

Par M. le Commissaire: Ajoutez pour quelques.

ADVANTAGE avec moi la Commission s'ajoute.

à moi.

-O-O-O-O-O-O-O-O-O-O-O-O-O-O-

-13415-

Parenteau.

A COMPARU: EXIDAS PARENTEAU.

Lequel témoin est assermenté.

INTERROGE PAR MRE BEAUREGARD.

5 Q Quel âge avez-vous? R Cinquante-deux ans.

Q Où demeurez-vous? R Je demeure à Montréal.

Q Où travaillez-vous? R A la Dominion Textile.

10 Q A quel moulin? R Au moulin de Hochelaga.

Q Depuis combien de temps? R Depuis 1927.

Q Vous travaillez à quel ouvrage? R Je suis weaver.

15 Q Depuis combien de temps travaillez-vous comme weaver? R Depuis 1900.

Q Il y a combien de temps? R Depuis 1900.

Q Avez-vous travaillé dans d'autres moulins que dans les moulins de la Dominion Textile?

R Oui.

20 Q Monsieur Parenteau, vous est-il arrivé de faire des échantillons? R Oui.

Q En faites-vous encore actuellement? R J'en ai fait bien dernièrement, il y a un mois.

Q Etes-vous payé pour faire ces échantillons là?

25 R Je ne crois pas.

Q Pouvez-vous nous le dire d'une façon précise, oui ou non? R On prend le morceau, on marque le numéro du métier et on s'en va avec.

Q On en tient pas note? R Je ne crois pas.

30 Q Etes-vous en état de vérifier sur votre enve-

-LIVRE-

A COMPTER : EXEMPLES DE TRAVAIL
LIVRE DE TRAVAIL
LIVRE DE TRAVAIL

Q Quel âge avez-vous ?
R Cinquante-
deux ans.

Q Combien d'enfants avez-vous ?
R Je n'en ai aucun.

Q Où travaillez-vous ?
R A la Dominion
Textile.

Q A quel métier ?
R Moulinier.
Q Depuis combien de temps ?
R Depuis 1917.
Q Vous travaillez à quel ouvrage ?
R Je suis
ouvrier.

Q Depuis combien de temps travaillez-vous comme
ouvrier ?
R Depuis 1900.

Q Il y a combien de temps ?
R Depuis 1900.
Q Avez-vous travaillé dans d'autres moulins que
dans les moulins de la Dominion Textile ?

R Oui.

Q Monsieur Parenteau, vous est-il arrivé de faire des
échantillons ?
R Oui.

Q En faites-vous encore actuellement ?
R Non.
Q Et fait bien dernièrement, il y a un mois.

Q Êtes-vous payé pour faire ces échantillons là ?
R Je ne crois pas.

Q Pouvez-vous nous le dire d'une façon précise ?
R Oui ou non ?
R On prend le morceau, on met
dans le numéro du métier et on s'en va avec.

Q Et on s'en va avec ?
R Oui.

13416

(Parenteau).

loppes de paye si vous êtes payé pour le ou les
métiers occupés à tisser les échantillons? R C'est
impossible de tenir mon temps.

5 Q Avez-vous des compteurs automatiques sur les
machines? R Non.

Q Vous êtes payé à la cut? R On est sup-
posé payés à la cut.

Q Travaillez-vous de jour ou de nuit? R De
nuit.

10 Q Je comprends que dans ce cas là votre salaire
est divisé entre l'homme de jour et celui de nuit,
sur la cut? R Tout probable.

Q Vous pouvez donner aucune précision?

R Je ne peux pas savoir combien le weaver de jour
15 gagne, ils ne veulent pas le dire.

Q Lui vous le dit pas? R Non, il veut pas le
dire.

Q Là vous parlez de celui qui travaille sur le
même métier que vous? R Oui.

20 Q Quel salaire faites-vous en moyenne vous?

R Je retire, j'ai retiré jusqu'à \$37.00, \$34.00,
\$28.00.

Q Votre dernière paye était de combien?

R \$32.45, pour 108 heures.

PAR M. LE COMMISSAIRE.

25 Q Par quinzaine? R Oui.

PAR M. TRS BEAUREGARD.

Q Vous dites que sur les échantillons on ne prend
pas le numéro? R Non.

30 Q On a pas l'air à tenir aucune note des échantillons?

R Pas du tout.

13416

(Interrogatoire)

l'après le pays et vous êtes payé pour le ou les
me liens occupés à tisser les échantillons? R O'ou
impossible de tenir mon temps.

Q Avez-vous des compteurs automatiques sur les

Q Vous êtes payé à la nuit? R On est payé
pour payés à la nuit.

Q Travaillez-vous de jour ou de nuit? R Je

Q Je comprends que dans ce cas là votre salaire
est divisé entre l'homme de jour et celui de nuit,
est-ce ça? R Tout probable.

Q Vous pouvez donner aucune explication?
R Je ne peux pas savoir combien le travail de jour
vaut, ils ne valent pas la même.

Q Est-ce que le fait de
dire

Q Là vous parlez de celui qui travaille sur le
même métier que vous? R Oui.

Q Quel salaire faites-vous en moyenne vous?

R Je ne sais pas, j'ai travaillé pour 100, 120, 150, 200, 250, 300, 350, 400, 450, 500, 550, 600, 650, 700, 750, 800, 850, 900, 950, 1000, 1050, 1100, 1150, 1200, 1250, 1300, 1350, 1400, 1450, 1500, 1550, 1600, 1650, 1700, 1750, 1800, 1850, 1900, 1950, 2000, 2050, 2100, 2150, 2200, 2250, 2300, 2350, 2400, 2450, 2500, 2550, 2600, 2650, 2700, 2750, 2800, 2850, 2900, 2950, 3000, 3050, 3100, 3150, 3200, 3250, 3300, 3350, 3400, 3450, 3500, 3550, 3600, 3650, 3700, 3750, 3800, 3850, 3900, 3950, 4000, 4050, 4100, 4150, 4200, 4250, 4300, 4350, 4400, 4450, 4500, 4550, 4600, 4650, 4700, 4750, 4800, 4850, 4900, 4950, 5000, 5050, 5100, 5150, 5200, 5250, 5300, 5350, 5400, 5450, 5500, 5550, 5600, 5650, 5700, 5750, 5800, 5850, 5900, 5950, 6000, 6050, 6100, 6150, 6200, 6250, 6300, 6350, 6400, 6450, 6500, 6550, 6600, 6650, 6700, 6750, 6800, 6850, 6900, 6950, 7000, 7050, 7100, 7150, 7200, 7250, 7300, 7350, 7400, 7450, 7500, 7550, 7600, 7650, 7700, 7750, 7800, 7850, 7900, 7950, 8000, 8050, 8100, 8150, 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13217

Parenteau.

Q Vous avez combien de métiers sous votre contrôle?

R Ca dépend, des fois, 18, 20, 21.

Q Dans quelle espèce de travail êtes-vous, quelle espèce de tissu? R Les derniers échantillons, c'est un 90 pouces de large, des métiers de 90 pouces.

Q C'est du coton à drap ou quoi? R C'est du coton pour les automobiles, je crois, il y avait du coton à drap dans le set de métier aussi.

Q Est-ce que c'est plus ou moins d'ouvrage de faire des échantillons que les autres? R C'est la même chose à peu près.

Q Avez-vous plus d'un métier occupé à faire des échantillons? R Moi, j'en ai jamais eu plus d'un.

Q On distribue les échantillons un métier par homme ou deux par homme, pas plus que ça? R Non.

Q D'après vous vous ne voyez pas comment vous pouvez être payé pour les échantillons?

R Non.

Q Est-ce que ce métier là, votre métier est occupé souvent à faire des échantillons? R Non, j'en ai fait dernièrement, ça faisait assez longtemps que j'en avait pas fait.

Q Vous en aviez pas fait depuis longtemps?

R Oui.

Q Qui enlève le coton sur le métier à échantillon?

R Le dernier que j'ai fait, on a demandé trois verges et le lendemain, j'ai arrêté le métier à 8½ hrs le soir, et le lendemain ils ont venus chercher l'échantillon.

Q Sans prendre de note, sans rien? R Non.

18817

Parlement.

Q Vous avez compté les millions de dollars que vous avez dépensés ?
R Ça dépend, les jours, 18, 20, 21.

Q Dans quelle espèce de travail êtes-vous, depuis
espèce de travail ? R Les dernières sont les
longs, c'est un 20 pour les longs, les autres de 20

Q C'est un coton à drap ou drap ? R C'est un
coton pour les automobiles, je crois, il y avait un
coton à drap dans la rue de l'ancien hôtel.
Q Est-ce que c'est plus ou moins d'ouvrage de faire
des conceptions de la nature ? R C'est la
même chose à peu près.

Q Avez-vous plus d'un atelier occupé à faire des
coton ? R Non, j'en ai jamais eu plus
un. On travaille les conceptions au même par
homme ou deux par homme, pas plus que ça ? R Non.
Q D'après vous ne voyez pas comment vous
pourriez être payé pour les conceptions ?

R Non.
Q Est-ce que ce métier là, votre métier est occupé
souvent à faire des conceptions ? R Non, j'en
ai fait dernièrement, je faisais avec deux femmes
que j'en avait pas fait.

Q Vous en avez pas fait depuis ? R Non.
R Oui.
Q Qui enlève le coton sur le métier à conceptions ?
Les derniers que j'ai fait, on a demandé trois vers
et le lendemain, j'ai arrêté le métier à 84 hrs
le soir, et le lendemain ils ont venus chercher
l'ouvrage.
Q Sans prendre de notes sans rien ? R Non.

13418

Parenteau.

Q Votre opinion c'est que vous faites des échan-
tillons gratuitement? R Oui.

5 Q Quant au reste de votre travail vous ne pouvez
pas contrôler en aucune façon, la manière dont vous
êtes payé, relativement à l'homme de jour?

R En aucune façon, non.

10 Q Avez-vous demandé au contremaître de quelle fa-
çon les ajustement de salaire, ~~aux~~ de l'homme de
jour et de nuit? R J'ai eu de la difficulté,
j'ai été voir le surintendant, on m'a dit que le
coton était mesuré dans le jour, à la napper, à la
napper room lorsqu'il passe là je crois que mon coton
était payé, parce que ça prend assez de temps pour
passer là, j'ai eu le temps de retirer ma paye.

15 Q- Vous avez été payé pour votre coton? R Oui,
mais il a été mesuré après que j'ai été payé.

Q Vous voulez dire que vous avez reçu votre paye
avant que le coton ne passe dans la chambre du mesu-
rage, autrement dit vous auriez été payé à l'œil?

20 R Oui.

Q Savez-vous s'il y a eu réajustement de votre
salaire après le mesurage de votre coton?

R Je m'en suis jamais aperçu.

Q Vous avez aucun moyen de contrôler votre salaire?

25 R On a pas rien, de nuit, je connais pas les prix
du coton, la première des choses.

Q C'est n'est pas indiqué sur un carton combien
vous avez du 100000 picks ou à la verge?

30 R Non on a les marques sur le ticket, mais on a
oublié de marquer le prix que le weaver gagnait pour
la cut.

Q Votre opinion d'est-ce que vous faites des choses
R Oui.

Q Vous avez dit que vous ne contrôlez pas les prix
R Non, pas du tout. Je ne contrôle pas les prix.
Q Vous ne contrôlez pas les prix, mais vous
R Non, pas du tout. Je ne contrôle pas les prix.

Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.
Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.
Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.

Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.
Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.
Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.

Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.
Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.
Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.

Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.
Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.
Q Vous avez dit que vous ne contrôlez pas les prix
R Oui, j'ai dit que je ne contrôle pas les prix.

13419

Parenteau.

Tous est entré à part du salaire du weaver?

R Oui.

Q Avez-vous déjà travaillé dans des moulins où le mesurage de la soie, de l'ouvrage était fait autrement?

5 R Oui, aux Etats Unis.

Q De quelle façon mesurait-on le travail?

R Je travaillais seul sur mon métier, il y avait personne de nuit.

Q Aviez-vous un appareil pour mesurer les picks?

10 R Non, on avait les cuts marqués, lorsqu'on sortait une cut, on avait tant de la cut.

Q Vous saviez que vous gagniez tant de la cut?

R Oui.

Q Vous pouviez mesurer l'ouvrage? R Oui, on pouvait calculer notre paye.

15 Q Vous êtes pas en état quand vous recevez votre salaire de dire, c'est exactement ce que j'ai droit d'avoir, ça peut être plus, ou moins, vous en savez rien? R Rien du tout.

Q Ce qui est vrai pour vous est vrai pour les autres? R Ils devraient avoir la même chose.

Q La même façon de procéder? R Oui.

Q Si vous ne pouvez pas calculer votre salaire, votre paye, vous, pouvez-vous dire ou non si vous avez tout ce qui vous revient ou si vous ne l'avez pas? R Pas du tout.

Q Etes-vous chargé de nettoyer vos métiers?

R Non.

Q Qui fait le nettoyage? R Des hommes exprès, la nuit.

30 Q Des hommes font le nettoyage la nuit? R Oui.

13420

Parenteau.

Q Les métiers sont nettoyés à quelle occasion la nuit? R A l'air.

Q On se sert de l'air? R Oui.

5 Q Est-ce qu'on nettoie quand il y a pas d'ouvrage à faire ou quand il y a de l'ouvrage? R Dans l'ouvrage.

Q Ca représente combien de temps pour nettoyer un métier? R Ca peut prendre trois quart d'heures, pour cleaner un set de métier.

10 Q Ca veut dire que vous perdez trois quart d'heures dans une nuit? R On est supposé de le perdre, On est supposé de m'oter deux heures chaque cleanage, c'est ce que le boss a toujours dit, que chaque cleanage il nous otait deux heures.

15 Q Qu'on vous enlevait chaque nuit deux heures? R Chaque nuit de cleanage? R Chaque nuit de cleanage, cinq fois par quinzaine.

Q Le nettoyage se fait cinq fois par quinzaine?

R Généralement, des fois on manque une fois, mais presque toutes les quinzaines c'est cinq fois.

20 Q En autant que vous le savez par dire du contre-maitre, le nettoyage vous coute, vous enlève sur votre pay deux heures de temps? R Oui.

Q C'est ça? R Oui.

25 Q C'est de même que vous le comprenez? R C'est de même oui.

Q Avez-vous compris que le temps du nettoyage était tenu d'une façon exacte ou si c'est deux heures l'un dans l'autre, qu'ils prennent plus ou moins de temps?

R Je le sais pas.

30 Q Ca contribue à rendre l'incertitude de votre paye?

R Ca confirme que lorsque je travaille 120 heures, ils disent il a travaillé que 110 heures.

18430

Parlons.

Les enfants sont nés à quelle occasion la

R. A l'air.

On se sert de l'air?

Parce qu'on nettoie quand il y a pas d'ouvrage

à faire on donne à l'air de l'ouvrage? R. Dans

l'ouvrage.

On représente comme un homme pour nettoyer un

nettoyé? R. On peut prendre trois parts d'homme

pour nettoyer un set de nettoyé.

On peut aussi avoir deux parts d'homme pour

faire une part? R. On est obligé de le faire,

On est obligé de faire deux parts d'homme, c'est

ce que le boss a toujours dit, que chaque ménage il

ne peut pas être nettoyé.

En on vous enlève chaque part deux fois?

Quelque fois de nettoyer? R. Chaque fois de

nettoyer, cinq fois par semaine.

Le nettoyage se fait cinq fois par semaine?

Généralement, des fois on en fait une fois, mais

presque toutes les semaines c'est cinq fois.

En attendant que vous le savez par dire de nettoyer

nettoyé, le nettoyage vous coûte, vous enlève par vous

deux parts de temps? R. Oui.

C'est ça? R. Oui.

C'est de même que vous le comprenez? R. C'est

de même oui.

Après tout, comme les autres, les enfants sont

travaillés par eux-mêmes ou si c'est eux-mêmes l'un

des autres, qu'ils prennent plus ou moins de temps?

Il y a de la différence.

On continue de travailler la semaine là-dessus.

Il y a de la différence.

13421

Parenteau.

Q Vous êtes là 120 heures? R Oui.

Q Vous travaillez 120 heures? R Oui.

Q Vous recevez 110 heures? Oui, on marque 120 heures sur l'enveloppe, mais on a que 110 heures.

5 Q D'après ce que vous savez sur le 120 heures, il y en a d'enlevées, il y a dix heures d'enlevées, pour le temps où les machines ont été arrêtées pour le nettoyage?

R C'est de ce que le boss m'a dit.

Q De façon que vous êtes plus à l'heure?

10 R Les payes sont pas toujours pareil, quand je travaille 120 heures, je devrais avoir la même chose.

Q Vous n'êtes pas à l'heure, parce que 120 heures et 120 heures ne rapportent pas toujours le même salaire?

R Pas du tout.

15 Q Cependant tout en étant à la pièce, si vous êtes pas à l'heure, vous n'avez aucun moyen de contrôler la quantité de travail que vous faites?

R Pas pour moi.

20 Q Tout en travaillant à la pièce, le temps pris pour le nettoyage à l'air, vous avez un temps fixe de 2 heures, que l'on prenne moins ou plus de temps?

R C'est ce que le boss m'a dit.

Q Vous connaissez votre salaire quand vous recevez votre enveloppe? R Exactement.

PAR M^{RE} BALLANTYNE.

25 Q Vous travaillez la nuit? R Oui, monsieur.

Q Sur combien de métiers d'habitude? R J'ai travaillé jusqu'à 30 métiers.

Q Alors n'est-il pas vrai que les métiers ne peuvent pas marcher sans être nettoyés? R Certainement.

30 Q Quand le nettoyage se fait, le nettoyeur fait attention à un de vos métiers, qui est arrêté?

INTERVIEW

Questionnaire

Q Vous êtes là les heures ? R Oui.

Q Vous travaillez les heures ? R Oui.

Q Vous recevez les heures ? Oui, on m'apporte.

130 heures par l'enveloppe, mais on a que 110 heures.

Q D'après ce que vous savez sur les 130 heures, il

a d'envies, il y a dix heures d'envies, pour la

temps où les machines ont été arrêtées pour la

R C'est de ce que la zone n'a été.

Q De façon que vous êtes plus à l'heure ?

R Les pays sont tous différents, même la

ville les heures, je devrais avoir la même

Q Vous n'êtes pas à l'heure, parce que les heures

les heures ne rapportent pas toujours la même

les de tout.

Q Généralement tout est à la pièce, si vous êtes

pas à l'heure, vous avez un moyen de contrôler

la quantité de travail que vous faites ?

R Pas pour moi.

Q Tout en travaillant à la pièce, le temps pris pour

le nettoyage à l'air, vous avez un temps fixe de

heures, que l'on donne moins ou plus de temps ?

R C'est ce que la zone n'a été.

Q Vous connaissez votre salaire quand vous rece-

vez votre enveloppe ? R Exactement.

LES MISES EN BAISSE.

Q Vous travaillez la nuit ? R Oui, maintenant.

Q Vous travaillez jusqu'à 30 mètres.

Q Alors n'est-il pas vrai que les machines ne peuvent

pas continuer à travailler ?

Q C'est la machine qui s'arrête, la machine qui

attention à ce que les machines, qui sont arrêtées

13422

Parenteau.

R Certainement, il nettoie celui qui est arrêté.

Q Les autres marchent? R Oui.

Q Maintenant, pour cette question d'échantillons, vous avez dit que vous avez fait une échantillon dernièrement? R Oui.

Q Combien en avez-vous fait, disons depuis six mois?

A Un.

Q Savez-vous que le jour il y a une fille qui est chargée de faire rien que les échantillons?

R Je le sais pas.

Q Alors l'échantillon que vous avez fait dans les six mois, c'était un échantillon de quel style de

coton? R Le coton je pourrais pas dire, j'ai pas remarqué le style, je l'ai fait sur le métier 515.

Q Sur quelle sorte de coton travailliez-vous quand vous avez fait cet échantillon, sur quelle sorte de

coton? R Mes autres métiers, c'était des métiers pour faire les couvertures d'autos, mais celui-là, c'est une autre sorte, avec de la twisté, j'ai pas remarqué le style, je peux pas dire.

Q C'était tout à fait différent? R Oui.

Q Vous en avez fait combien de cet échantillon?

R Trois verges qu'on a demandé, j'en ai fait à peu près quatre verges.

Q Ça vous a pris combien de temps pour faire ça?

R J'ai arrêté mon métier à 8h hrs, ça pris deux heures, le métier ne run pas tout le temps, quand il est arrêté.

Q Savez-vous pourquoi vous avez fait cet échantillon?

R Pas du tout, ça doit être...

Q N'est-il pas vrai que c'est une épreuve, pour

Interrogatoire

Questionnaire

certains, il n'est pas certain que cela est arrivé.

Les autres, il n'est pas certain que cela est arrivé.

Il n'est pas certain que cela est arrivé.

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Il n'est pas certain que cela est arrivé.

13423

(Parenteau)

votre métier, pour tester votre métier? R Oui.

Q Si c'est bien fait on peut continuer de faire ce coton, sur le même métier sur lequel vous avez fait votre échantillon? R Certainement.

Q Maintenant, vous avez parlé de la façon qu'on trouve combien a été la production de celui qui travaille le jour et combien est la production de celui qui travaille de nuit, sur les mêmes métiers? R Oui.

Q Savez-vous que lorsque les rouleaux sont enlevés ils sont pris dans le cloth room, où ils sont pesés? R Oui.

Q Et savez-vous aussi que quand il y a deux hommes qui travaillent sur les mêmes métiers, celui qui travaille de jour, que à la fin de son travail il met sur le coton un morceau de ficelle bleu et celui qui travaille la nuit, après avoir fini son travail, il met un morceau de ficelle rouge? R Oui, un après avoir fini et un avant de commencer.

Q Savez-vous qu'après que la production a été pesée dans le cloth room, la production est mesurée, pour savoir a été, pour savoir combien a été fait entre la ficelle rouge et la bleue? R Je le sais pas non.

Q Vous le savez pas? R Non.

Q On doit avoir quelque but pour faire mettre un morceau de ficelle, une raison? R Le but serait pour savoir si on fait un bon morceau de coton.

Q Il peut y avoir une autre raison, ne serait-ce pas pour savoir combien vous avez fait? R Certainement, si on s'en sert très bien, je sais pas si on s'en sert,

1944

(Paraphrase)

Voilà, pour l'instant, votre affaire? R. Oui.

6 Si c'est bien fait on peut continuer de faire

ce coton, sur les mêmes métiers, sur les mêmes

machines, sans rien changer.

7 Maintenant, vous avez parlé de la façon de

travailler, comment a été la production de celui qui

la fait et comment est la production de celui qui

travaille de nuit, sur les mêmes métiers? R. Oui.

8 C'est-à-dire que les mêmes machines, les mêmes

ils sont pris dans le clost room, où ils sont passés

R. Oui.

9 Et par exemple, quand il y a deux machines

qui travaillent sur les mêmes métiers, celui qui

travaille de jour, que à la fin du travail il

met sur le coton un morceau de ficelle afin de

qui travaille la nuit, après avoir fini son travail,

il met un morceau de ficelle rouge? R. Oui.

10 Après avoir fini et au avant de commencer,

avez-vous dû après que la production a été pas-

sée dans le clost room, la production est marquée,

pour savoir à été, pour savoir comment a été fait entre

la ficelle rouge et la bleue? R. Je le sais pas.

11 Vous le savez pas? R. Non.

12 On doit avoir quelque part dans l'usine

un registre où l'on inscrit tout ce qui se fait

et si on fait un bon morceau de coton,

il faut le marquer avec une ficelle, de couleur

ou autre, pour savoir à quel moment on l'a fait

et si on l'a fait bien, ou si on l'a fait mal.

13424

Parenteau.

MARTEL.

Q Savez-vous qu'il y a ce qu'on appelle une cut board?

R Oui, pour faire enlever le coton.

Q Non, une cut board, qui est mis dans le département, du weaving, pour montrer combien il y a de production faite dans une quinzaine, sur tel et tel métier, qui ont des numéros?

R J'ai pas vu ça moi.

Q Avez-vous déjà été payé pour faire des échantillons, et le savez-vous?

R On m'a jamais dit qu'on me payait pour, je ne crois pas, parce que quand on enlève le coton, on marque rien dessus.

ET LE TEMOIN NE DIT RIEN DE PLUS:

A COMPARU: ALBANI MARTEL.

Lequel témoin est assermenté.

INTERROGE PAR MRE BEAUREGARD.

Q Quel âge avez-vous Monsieur Martel?

R Trente-cinq ans.

Q Vous demeurez à quel endroit?

R Je demeure à Montréal.

Q Vous travaillez à quel endroit?

R Je travaille à la Dominion Textile.

Q A quel moulin travaillez-vous?

R Au moulin d'Hochelaga.

Q Maintenant quel est votre travail?

R Je suis tisserant.

Q Depuis combien de temps?

R Depuis 10 ans.

Q Est-ce qu'il vous arrive de faire des échantillons sur les machines que vous surveillez?

R Ça

1964

INTERVIEW

5

ont des numéros? R Oui, pour faire enlever la section.
Non, une ont porté, qui est une dans la département.
in weaving, pour montrer combien il y a de production
faite dans une grande ne, qui tel et tel métier, qui
ont des numéros? R Oui, pour faire enlever la section.
Avez-vous déjà été payé pour faire des échantillons
et le savez-vous? A Oui, j'en ai fait un certain
payé pour, je ne crois pas, parce que dans on enlève
la partie, on enlève tout.
Et les échantillons ne sont pas payés.

15

A COMPTER ALORS MONTREAL.
Le mot témoin est écarté.
INTERVIEW PAR MRS. BROWNE.
- Vous travaillez à quel endroit? R Je travaille
à Montréal.
- Vous travaillez à quel endroit? R Je travaille
à Montréal.
- Vous travaillez à quel endroit? R Je travaille
à Montréal.

25

Avez-vous déjà été payé pour faire des échantillons
et le savez-vous? R Oui, j'en ai fait un certain
payé pour, je ne crois pas, parce que dans on enlève
la partie, on enlève tout.
Et les échantillons ne sont pas payés.

13425

Martel.

m'est a rivé.

Q Savez-vous s'ils vous ont payé?

R Non, ils m'ont pas payé.

5 Q Il vous est arrivé souvent d'en faire? R As-
sez souvent.

Q Qu'est-ce qu'on doit comprendre pas assez souvent, es-
ce une fois par semaine, par quinze jours, par mois?

R Depuis une secourse j'en ai pas fait, avant
ça j'en faisais une ou deux fois par mois.

10 Q C'est à dire, aviez-vous un métier d'occupé
ou plus? R Un métier.

Q Et ceci arrivait une couple de fois par mois?

R Oui.

15 Q Ce métier était occupé à faire un échantillon?

R Oui, et j'en avais d'autres qui runnaient.

Q A faire d'autre ouvrage? R Oui.

Q Vous avez ent ndu M. Parenteau? R Oui,
monsieur.

20 Q Il dit qu'on enlève les échantillons sans faire
aucune marque, rien du tout, et il est sous l'impres-
sion qu'il n'est pas payé. Etes-vous capable de
contrôler votre salaire, vous? R Je suis
capable de le contrôler, parce qu'ils me le montrent.

Q Qui vous le montre? R Le boss.

25 Q Vous allez lui demander? R Il me le montre,
aujourd'hui il va passer dans l'usine et me le montrer.

Q Depuis le commencement de la quinzaine?

R Le coton que j'ai sorti, il y a pas d'échantillons
de marqué.

30 Q Les échantillons apparaissent pas sur le coton
sorti? R Non.

m'est à l'ivoire.

BRUNY: C'est tout ça?

R. Non, ils m'ont payé.

Q. Il vous est arrivé souvent d'en faire? R. As-

sez souvent.

Q. En fait de qu'on fait souvent des choses comme ça?

ou une fois par semaine, par quinze jours, par mois?

R. Depuis une semaine j'en ai fait fait, avant

je j'en laissais une ou deux fois par mois.

Q. C'est à dire, aviez-vous un métier d'occupe

ou plus? R. Un métier.

Q. Et ceci arrivait une couple de fois par mois?

Q. Ce métier était occupé à faire un roman? R.

Non, et j'en avais d'autres par semaine.

Q. A faire d'autres ouvrages? R. Oui.

Q. Vous avez écrit non M. Laurent? R. Oui.

Q. Il dit qu'on envoie les échantillons sans faire

aucune marque, rien du tout, et il est sous l'impres-

sion qu'il n'est pas payé. Etas-vous capable de

contrôler votre salaire, vous? R. Je suis

capable de le contrôler, parce qu'il a le montant.

Q. Qui vous le montre? R. Le boss.

Q. Vous allez lui demander? R. Il me le montre.

aujourd'hui il va passer dans l'anne et me le montre

Q. Depuis le commencement de la semaine?

R. Le patron que j'ai écrit, il y a pas d'échantillon

de marque.

Q. Les échantillons arrivent pas sur la scène

Non.

13426

Martel.

Q Les échantillons vous les faites gratis?

R Oui, moi je travaillais sur une serviette, j'en ai fait deux ou trois, ils les ont coupées et emportées, et j'en ai fait d'autres.

5 Q Et vous dites que vous êtes pas payé pour ça?

R Non.

Q Travaillez-vous encore de nuit? R De nuit.

Q Avez-vous déjà été payé pour faire un échantillon?

R Oui, à 35 cts de l'heure.

10 Q Vous étiez mis à l'heure dans ce cas là?

R Oui.

Q Même si vous étiez à ce moment la employé à la pièce vous étiez mis à l'heure, quant au métier occupé aux échantillons? R Oui.

15 Q Ca remonte à combien de temps que les échantillons étaient payés? R Sept ans, huit ans.

Q Travaillez-vous de jour ou de nuit? R J'ai travaillé de jour, pour les échantillons et de nuit.

20 Q Quel est le système de paye de l'homme de nuit à votre connaissance? R A ma connaissance l'homme de nuit peut pas avoir sa paye, elle lui est pas montrée.

Q Il peut pas savoir combien il gagne? R Non, monsieur.

25 Q Est-ce que l'homme de jour et de nuit travaillent sur le même métier? R Oui.

Q Autrement dit les métiers n'arrêtent pas?

R Non.

30 Q Les équipes de jour et de nuit se succèdent alternativement, et continuent l'ouvrage? R Oui, monsieur.

Monsieur.

1546

Les hommes de la ville de...

« Oui, moi je travaillais sur une serviette, j'en
ai fait deux ou trois, ils les ont coupées et empor-
tées, et j'en ai fait d'autres. »

« Et vous dites que vous êtes payé pour ça ? »

« Travaillez-vous encore de nuit ? » De nuit

« Avez-vous déjà été payé pour faire un certificat ? »

« Oui, à 50 cts de l'heure. »

« Vous étiez mis à l'heure à 50 cts de l'heure ? »

« Oui. »

« Même si vous étiez à ce moment là employé à

la pièce vous étiez mis à l'heure, pendant ce moment

écoulez aux épreuves ? » Non, oui.

« Ce moment là combien de temps les hommes de

long étaient payés ? » A 50 cts de l'heure, non ?

« Travaillez-vous de jour ou de nuit ? » De nuit

travaillé de jour, pour les certificats et de nuit.

« Quel est le système de paye de l'homme de nuit ? »

à votre connaissance ? » A ma connaissance l'ho-

me nuit peut avoir sa paye, elle lui est payée

immédiatement.

« Il peut pas savoir combien il gagne ? » Non, Monsieur.

Monsieur.

« Est-ce que l'homme de jour et de nuit travaillent

sur le même métier ? » Oui.

« Autrement dit les métiers n'ont-ils pas ? »

Non.

« Les équipes de jour et de nuit se succèdent

immédiatement, et continuent l'avantage ? » Oui.

Monsieur.

Q Quand l'ouvrage est terminé le coton est enlevé
je suppose et il est prête à être mesuré? R Oui,
monsieur.

Q Savez-vous de quelle façon se fait la répartition
du salaire entre l'homme de jour et l'homme de nuit?

R Non, je le sais pas.

Q Est-ce que l'ensemble est divisé par le nombre
d'heures, tant à l'homme de nuit pour tant d'heures,
et tant à l'homme de jour? R Moi, j'ai travaillé
de nuit et j'étais payé à l'heure.

Q L'homme de jour était payé à la pièce?

R Oui.

Q Vous parlez de l'homme de jour, est-ce qu'il tra-
vaillaient sur les mêmes métiers que vous?

R Oui.

Q Combien aviez-vous de l'heure? R Trentecinq
cents.

Q Y a-t-il longtemps de ça? R Dans les neuf
ans.

Q Savez-vous si l'homme de jour avait plus que
vous à l'heure? R Je ne sais pas.

Q Vous ne savez pas ce qu'il retirait? R Non.

Q L'homme de nuit était payé 35 cts de l'heure?

R Moi j'avais ça, d'autres avaient moins.

Q Savez-vous comment on s'arrangeait avec une
pièce de coton, je suppose qu'on mesurait une pièce
de coton, on donnait 35 cts à l'homme de nuit, qu'est-
ce qu'il reste pour l'homme de jour, vous le savez
pas? R Je le sais pas.

Q Vous ne savez pas s'il était payé suivant la
production, s'il est payé suivant la production,
entre les ficelles blanches et les rouges?

1842

1842

Q. Quand l'ouvrage est terminé la coton est enlevé
je suppose et il est prêt à être mesuré? R. Oui.
monseigneur.

Q. Savez-vous de quelle façon se fait la répartition
du salaire entre l'homme de jour et l'homme de nuit?
R. Non, je le sais pas.

Q. Mais ce que l'ensemble est divisé par le nombre
d'heures, tant à l'homme de nuit pour tant d'heures
et tant à l'homme de jour? R. Non, j'ai vu
de nuit et j'étais payé à l'heure.

Q. L'homme de jour était payé à la pièce?
R. Oui.

Q. Vous dites que l'homme de jour, était-il payé
tailleur sur les mêmes mètres que vous?

Q. Comment savez-vous de l'heure? R. Transcendant
coton.

Q. Y a-t-il longtemps de ça? R. Dans les nuit

Q. Savez-vous si l'homme de jour avait plus que
vous à l'heure? R. Je ne sais pas.

Q. Vous ne savez pas ce qu'il restait? R. Non.

Q. L'homme de nuit était payé 35 cts de l'heure?

R. Oui j'avais vu d'autres avaient moins.

Q. Savez-vous comment on s'arrangeait avec une

pièce de coton, je suppose qu'on mesurait une pièce

de coton, on donnait 35 cts à l'homme de nuit, qu'est-ce

qu'il reste pour l'homme de jour, vous le savez.

R. Je le sais pas.

Q. Vous ne savez pas s'il était payé avant la

production, s'il est payé avant la production,

entre les ficelles blanches et les rouges?

13423

MARTEL

R Il est supposé prendre sa part de jour entre les ficelles.

Q Vous ne le savez pas? R Non.

PAR MRE BALLANTYNE.

5 Q Je ne sais pas si je vous ai bien compris, mais avez-vous dit qu'avant la paye le zieme boss vous montrait la production que vous aviez faite dans la quinzaine? R Oui.

Q Et le prix du coton? R Oui.

10 Q Comme ça vous pouvez la voir? R Oui, ce qu'il me montre, il me montre le prix du coton.

Q Vous savez que les rouleaux de coton sont pesés et mesurés? R Oui.

15 Q Vous avez entendu ce que j'ai demandé à M. Parenteau? R Oui.

Q Alors il y a ces façons là pour contrôler la production? R Oui.

20 Q Alors lorsque vous avez été payé à l'heure, quand vous travailliez la nuit, il y a assez longtemps de ça? R Sept ans.

Q Alors comment pouvez-vous dire que l'homme qui travaille de jour n'a pas été payé suivant sa production? R J'ai pas dit ça, j'ai dit que je savais pas combien il était payé.

25 Q Voici la question. Vous travaillez de jour maintenant? R Oui.

Q Il arrive des fois, quand il n'y a pas d'hommes qui travaillent sur vos métiers la nuit? R Oui.

Q Quand vous travaillez seul le jour, vous êtes payé suivant la production que vous faites?

30 R Oui.

1911

1911

R Il est supposé prendre au parti de tout entre
les tielles.

Q Vous ne le savez pas? R Non.

1911

Q Je ne sais pas si je vous ai bien compris, mais
avez-vous dit qu'avant la pays le même pays vous
montrant la promotion que vous aviez faite dans

la d'incision? R Oui.

Q Et le prix de coton? R Oui.

Q Comme ça vous pouvez le voir? R Oui, ça

qu'il me montre, il me montre le prix de coton.

Q Vous savez que les relations de coton sont passés

et mesurés? R Oui.

Q Vous avez entendu ce que j'ai dit à M.

l'ancien? R Oui.

Q Alors il y a ces relations là pour contrôler la

production? R Oui.

Q Alors lorsque vous avez été payé à l'étranger,

quand vous travailliez là-bas, il y a aussi l'ac-

temps de ça? R Sept ans.

Q Alors comment pouvez-vous dire que l'homme qui

travaillait de jour n'a pas été payé avant sa pro-

duction? R J'ai pu dire ça, j'ai dit que

je savais pas combien il était payé.

Q Voici la question. Vous travailliez de jour

maintenant? R Oui.

Q Il arrive des fois, quand il n'y a pas d'hommes

qui travaillent sur vos terres là-bas? R Oui.

Q Quand vous travailliez seul le jour, vous

êtes payés avant la production que vous faites?

R Oui.

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Mars 1.

Q Alors connaissez-vous aucune raison pour que dans le cas où il y a deux personnes, une de jour et une de nuit, à l'heure, connaissez-vous aucune raison pour laquelle l'homme qui travaille de jour, ne soit pas payé suivant sa production? R Je peux pas voir quelle raison il y aurait.

Q Maintenant, cette question d'échantillons, vous n'en avez pas fait depuis longtemps, depuis combien de temps? R Depuis assez longtemps.

Q Lorsque vous avez fait des échantillons en avez-vous fait beaucoup? R J'en ai fait, je remarque pas le temps qu'on en faisait.

Q Combien en avez-vous fait des serviettes?

R Plus l'échantillon était fait vite, plus c'était d'avance pour moi.

Q Après que ces échantillons ont été fait, est-ce qu'il vous est arrivé des fois de continuer de faire le coton dont vous vous étiez servi pour faire des échantillons, c'est à dire, que si vos échantillons étaient bon, avaient été trouvés bons, avez-vous continué avec votre métier à faire des serviettes?

R Oui la minutes qu'elles sont O.K.

Q C'est tout à fait comme vos autres métiers?

R Oui.

Q Une autre question. Les échantillons, quand vous travaillez, vous avez ce qu'on appelle un set de métiers? R Oui.

Q Quand on vous demande de faire un échantillon, n'est-il pas vrai qu'on vous donne un autre métier, si vous avez par exemple une vingtaine de métier dans

13430

MARTIN.

votre set, alors on va vous voir pour faire un échantillon, on vous donne un autre métier à votre set?

R Non, c'est parce que j'ai des métiers d'arrêtés, et je prends ces métiers là.

5 Q Ce que vous voulez dire, c'est que dans votre set, tous les métiers ne marche pas? R Non, hier j'avais 20 métiers.

Q Combien y en avait-il qui marchaient?

R Seize.

10 PAR MRE BEAUREGARD:

Q Parce que les autres étaient arrêtés? R Oui, et quand il arrive un échantillon ils embarquent ça sur ces métiers là.

15 Q Combien est-ce que ça prend de temps pour faire un échantillon de serviette? R Ça dépend de la grandeur de la serviette, et du fil, on peut faire une serviette dans un temps, et une autre dans un autre temps, ça dépend de l'échantillon.

Et le dit témoin ne dit rien de plus.

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--O-O-O-O-O-O-O-O-O-O-O-O-O--

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ADVENANT midi et demi la Commission s'ajourne à deux heures et quart, mardi le 24 novembre 1933.

--O-O-O-O-O-O-O-O-O-O-O-O-O--

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Mr. Tolson

1945

your set, along on the way you will find the

conclusion, on your side, on the other side, on the other side

R. Now, it's not possible that I'll be able to get it

and I'll be able to get it.

set, then the other side, on the other side, on the other side

the other side, on the other side, on the other side

the other side, on the other side, on the other side

at least it's not possible that I'll be able to get it

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ADVISE me and let me know the Commission's decision

at least it's not possible that I'll be able to get it

--o-o-o-o-o-o-o-o-o--

13431

Labranche

Advenant 12.38 P.M. 24 novembre 1936

La Commission se continue.

A COMPARU: GEORGES LABRANCHE.

Lequel témoin est assermenté.

Interrogé par Mtre BEAUREGARD.

Q Quel est votre âge Monsieur Labranche?

R Trente-deux ans.

Q Où demeurez-vous?

R Je demeure à

Montreal.

Q Où travaillez-vous?

R Dans le moment

je ne travaille pas.

Q Avez-vous déjà travaillé à la Dominion Textile?

R Oui monsieur.

Q Au moulin d'Hochelaga? R Oui.

Q Depuis quand avez-vous cessé de travailler?

R Depuis le mois de juin.

Q Depuis le mois de juin dernier? R Oui,

Monsieur.

Q Quelle était la nature de votre travail en
juin 1936? R J'étais twister.Q Aviez-vous avant le mois de juin dernier, aviez
vous un emploi permanent? R Oui.Q Travaillez-vous à tous les jours? R Oui, Mon-
sieur.

Q Vous travailliez combien d'heures par jour?

R On était à la job nous autres.

Q Vous passiez combien d'heures au moulin?

R On passait toute la nuit au moulin.

Q Est-ce que vous ne travailliez pas toute la
nuit? R Non, ça dépendait comment les

1848

1848

la Commission se continue.

à l'égard de la Commission.

lequel témoin est assésé.

interrogé par son avocat.

quel est votre âge maintenant?

Présentement.

Q. Combien d'années?

Monsieur.

Q. Combien d'années?

Je ne travaille pas.

Avez-vous déjà travaillé à la Commission?

Non.

Q. Combien d'années?

Depuis quand avez-vous cessé de travailler?

Depuis le mois de mai.

Depuis le mois de juin dernier?

Monsieur.

Q. Quelle était la nature de votre travail en

1848?

Avez-vous avant le mois de juin dernier, avec

vous un emploi permanent?

Travaillez-vous à tous les jours?

Non.

Q. Vous travaillez comme d'habitude par jour?

On était à la fin de l'année.

Q. Vous travaillez comme d'habitude à l'année?

On passait toute la nuit au travail.

Q. Est-ce que vous ne travaillez pas toute la

nuit?

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Labranche.

warps sortaient, des fois je rentrais, j'avais une couple de warps à passer et ensuite après ça j'attendais que j'en aies d'autres, après minuit.

5

Q Attendez-vous longtemps? R On attendait assez longtemps.

Q Ça veut dire combien de temps ça, des minutes, des heures? R Des fois on attendait deux ou trois heures.

10

Q Quelle moyenne de salaire faisiez-vous des nuits comme ça? R Il y a des fois que je faisais pas grand grand chose, j'ai vu des nuits faire 75 cts.

15

Q Vous faisiez des nuits de \$0.75? R Oui, monsieur.

Q Pour douze heures de présence? R Pour douze heures, oui.

20

Q Est-ce qu'il y avait plusieurs employés comme vous qui se tenaient là pour faire quelques sous, toute la nuit pour faire quelques sous? R J'étais le seul qui attachait la machine de nuit.

Q Il y en avait pas d'autres? R Non.

Q En quoi au juste consistait votre travail?

R A attacher les warps à la machine et à la main.

25

Q Alors vous dépendiez du nombre de warps qu'il y avait à attacher? R Oui, monsieur.

Q Et vous étiez à la pièce? R J'étais au nombre de brins, aux warps.

Q Vous étiez payé combien par 100 ou par 1000?

30

R Je ne pourrais pas dire ça, ça dépendait de la sorte de coton, il y avait bien des prix.

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Lepreux.

Wages portables, des fois je rentrais, j'avais une
couple de wages à passer et ensuite après je j'ai
rendait des fois à d'autres, après minuit.

Attention-vous longtemps? R On attendait
sans longtemps.

3 Q On veut dire combien de temps, des minutes,
des heures? R Des fois on attendait deux
ou trois heures.

4 Q Combien de temps vous attendait-il?
R Il y a des fois que
je faisais pas grand chose, j'ai vu des nuits
faire 75 cts.

5 Q Vous faites des nuits de \$0.75? R Oui.

6 Q Combien de temps vous attendait-il?
R Non, oui.

7 Q Est-ce qu'il y avait plusieurs employés comme
vous qui ne faisaient pas pour faire quelques sous,
toute la nuit pour faire quelques sous? R Les
fois le seul qui attendait la machine de nuit.

8 Q Il y en avait pas d'autres? R Non.

9 Q Un quoi en juste maintenant votre travail?

10 A Attacher les wages à la machine et à la main.

11 Q Alors vous dépendiez du nombre de wages qu'il

12 y avait à attacher? R Oui, mon travail.

13 Q Et vous êtes à la pièce? R J'étais au

14 nombre de brins, aux wages.

15 Vous étiez payé combien par 100 ou par 1000?

16 R Je ne pourrais pas dire, ça dépendait de la

17 sorte de coton, il y avait bien des prix.

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Q Les prix variaient beaucoup? R Oui.

Q Ils ne vous donnaient pas d'autre travail dans l'intervalle à faire, quand vous aviez fini d'attacher un warp, vous attendiez qu'il s'en présente?

R Des fois on venait me chercher pour arranger des lames dans la weave room, les lames cassées, le boss de la weave room venait me chercher, je disais au boss de la weave room que j'avais pas de rapports avec lui, il allait trouver mon boss, et mon boss me disait vas-y, ou y vas-tu ou non, il fallait que j'y aille, quand le boss de jour arrivait il disait on paye pas pour ça.

Q Voulez-vous dire que vous étiez pas payé pour faire ce travail que vous aviez fait? R On était pas payé.

Q Pour avoir arrangé les lames dans l'autre département? R Oui.

Q Vous n'étiez payé que pour attacher les warps?

R Oui.

Q Et vous ne vouliez pas attacher les lames cassées parce que vous étiez pas payé? R Oui.

Q Mais vous y alliez en obéissance à votre boss?

R Oui, à mon boss de nuit, et le matin le boss de jour disant: on paye pas ça, on paye pas pour ça.

Q Comme question de fait ce temps n'était pas payé dans votre pays, n'était pas compté? R Non, monsieur.

Q Donniez-vous beaucoup de temps à réparer les lames comme ça? R Assez souvent.

Q Qu'est-ce que ça veut dire assez souvent?

R Moi, je disais au boss que j'avais pas d'affaires à lui, à la weave room, quand il venait me chercher, il venait me chercher pareil, j'

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Labranche.

il venait me chercher pareil, je disais j'y vais pas
il me paye pas, lui allait trouver le boss de nuit,
lui venait me trouver et il me disait: vas y on va
te payer, et le matin le boss de jour disais, on paye
pas pour ça.

Q C'est vous qui souffriez du différend entre les
deux boss? R Oui.

Q Pouvez-vous nous dire par semaine ou par quinze
jours combien de temps vous alliez donner comme ça
au réparage des lames? R J'ai dû donner
trois heures par semaine.

Q Trois heures par semaine? R Oui.

Q Avec pas de salaire? R Non, j'avais pas
de salaire pour ça.

Q Quelle était la moyenne des payes que vous re-
tiriez par quinze jours? R Ca c'était pas
toujours égal, vous savez des fois on retirait des
petites, des grosses, des fois \$10.00 par quinze
jours, \$15.00, \$18.00, ça monté jusqu'à \$47.00.

Q C'est suivant le nombre de warp ça? R Oui.

Q Mais la moyenne qu'est-ce que c'était?

R Une moyenne de \$18.00 par semaine, pour régler
ça.

Q Pourquoi avez-vous laissé l'emploi de la compa-
gnie au mois de juin dernier? R Parce qu'il
en avait un autre à placer à ma place, ils ont
trouvé un moyen de me faire partir.

Q Ils ont pas trouvé un moyen de vous faire re-
venir? R Non.

Q Vous avez été prévenu longtemps avant de partir?

R Non.

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Labranche.

Q Combien de temps avant de partir avez-vous été prévenu? R J'ai été prévenu....

Q On vous l'a dit combien d'avance? R Ils me l'ont dit dans la nuit.

5

Q Ils vous ont dit: c'est fini demain matin ne reviens pas? R Il m'a dit: demain matin vous viendrez voir le surintendant.

10

Q Il vous ont dit de revenir le lendemain matin et d'aller voir le surintendant? R Oui, il m'a dit qu'il pouvait pas me garder, et il m'a glané.

Q Pour quelles raisons, quelles raisons vous ont été données, pourquoi a-t-il dit qu'il pouvait pas vous garder? R C'est parce qu'ils m'ont tendu un piège, j'ai amené un morceau de coton chez nous.

15

Q Un morceau de coton que vous aviez pris à la boutique? R Oui, ils m'ont poigné, ils m'avaient tendu ce piège là, j'ai amené le morceau chez nous.

20

Q Il était là le coton, ils l'ont pas mis dans vos poches? R Non.

Q C'est vous qui l'avez pris? R Oui.

PAR M. LE COMMISSAIRE:

Il l'a apporté chez lui et on l'a découvert.

PAR M. TRE BEAUREGARD:

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Q Etait-ce la première fois que vous aviez une aventure comme ça avec la compagnie? R Oui, monsieur.

PAR M. TRE BALLANTYNE.

Q Maintenant M. Labranche, vous dites que c'est la première fois que vous avez été pris comme ça?

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R Oui.

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Labranche.

Q Comment se fait-il qu'après que le surintendant vous a eu parlé, vous avez rapporté à l'usine des draps, des serviettes et d'autre chose que vous aviez pris auparavant? R Je l'avais pris la veille au soir, j'avais pris des serviettes la veille, c'est le piège qu'on m'avait tendu, le lendemain on m'a poigné.

Q C'est la raison pour laquelle vous avez été mis à la porte? R Oui.

Q Maintenant une autre question, - sur cette question de paye, le travail que vous avez dû faire sans être payé, prenez donc la dernière quinzaine que vous étiez là, vous avez travaillé cent deux (102) heures et vous avez été payé \$39.40? R Oui.

Q Est-ce que c'est dans votre mémoire ça? R Oui, monsieur, pour la dernière paye je pense que oui.

Q Pour la quinzaine du 6 juin, vous avez travaillé cent trois (103) heures? R Oui.

Q Et votre paye a été de \$40.50? - R Oui.

Q Est-ce dans votre souvenir ça? R Oui, ça se peut.

Q La quinzaine du 23 mai, vous avez travaillé cent-quatorze (114) heures? R Oui.

Q Et votre paye a été de \$42.35? R Oui.

Q La quinzaine du 9 mai, vous avez travaillé cent-vingt (120) heures? R Oui.

Q Et votre paye a été de \$45.80? R Oui.

Q Pour la quinzaine du 25 avril, vous avez travaillé cent vingt deux (122) heures? R Oui, monsieur.

Comment se fait-il qu'après que je lui ai dit
vous n'en parlez, vous avez rapporté à l'église des
drapeaux, des serviettes et d'autres choses que vous
avez pris auparavant? R. Oui, je l'ai prise la
veille au soir, j'avais pris des serviettes la veille
c'est le grès qu'on m'avait donné, le lendemain on
m'a dit.
C'est la maison pour laquelle vous avez été mis
à la porte? R. Oui.
Maintenant une autre question, - sur cette ques-
tion de paye, le travail que vous avez dû faire pour
être payé, prenez donc la dernière quinzaine des
vous êtes là, vous avez travaillé sept jours (dim)
heures et vous avez été payé 25.00? R. Oui.
Parce que c'est dans votre mémoire? R. Oui.
monieur, pour la dernière a payé je pense que oui.
Pour la quinzaine du 8 juin, vous avez travaillé
cent trois (103) heures? R. Oui.
Et votre paye a été de 25.00? R. Oui.
Est-ce dans votre souvenir? R. Oui.
Je ne puis.
La quinzaine du 15 mai, vous avez travaillé
cent-quatre-vingt (144) heures? R. Oui.
Et votre paye a été de 25.00? R. Oui.
La quinzaine du 8 mai, vous avez travaillé
cent-vingt (120) heures? R. Oui.
Et votre paye a été de 25.00? R. Oui.
Pour la quinzaine du 15 avril, vous avez tra-

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13437

(Labranche)

Q Et votre paye a été de \$46.50? R Oui, monsieur.

Q Le 11 avril, vous avez travaillé dans cette quinzaine là, vous avez travaillé quatre-vingt-deux (82) heures? R Oui.

Q Est votre paye a été de \$30.35? R Oui, monsieur.

Q Est-ce à votre souvenir ça? R Ça se peut pour celle là.

Q Et votre paye de base est de \$20.35 pour la quinzaine, quand vous travailliez la nuit? R Oui, monsieur.

Q Alors vous avez fait meilleur que votre paye de base? R La paye de base?

Q Vous avez gagné plus que votre paye de base?

R Je ne comprends pas ça.

Q Vous avez gagné plus que votre paye ordinaire?

R Oui, mais là vous avez toutes les grosses payes.

PAR MRE BEAUREGARD:

Il n'y en a pas eu de petites.

PAR MRE BALLANTYNE.

Q J'ai ici les payes pour les dernières six quinzaines, c'est tout ce que j'ai ici? R C'est correct, parce qu'en 1924 il m'a fait travaillé cent vingt (120) heures pour \$1.25.

PAR MRE BEAUREGARD:

Q A quel travail? R Au même travail.

Q Pourquoi avez-vous travaillé cent vingt heures (120) heures pour \$1.25? R J'ai travaillé, j'étais sous le secours.

Q Dites-vous que c'est en 1924 ou en 1934?

Inter

Et votre pays a été de 143.50?
Non.
La li avait, vous avez travaillé dans cette
intermédiaire, vous avez travaillé dans cette
R. Oui.
Et votre pays a été de 130.50?
Non.
Alors à votre souvenir, R. Ça se peut
pour celle là.
Et votre pays de 130.50 pour la durée
intermédiaire, la durée
intermédiaire.
Alors vous avez fait travailler votre pays de
R. La durée de base?
Vous avez eu le plus de votre pays de base?
Je ne comprends pas ça.
Vous avez gagné plus de votre pays ordinaire?
Oui, mais là vous avez toutes les grosses heures.
R. Alors intermédiaire.
Il n'y en a pas de petites.
R. Alors intermédiaire.
J'ai les heures pour les dérangements et pour
saines, c'est tout ce que j'ai fait. R. C'est
correct, parce qu'en 1924 il m'a fait travailler
cent vingt (120) heures pour \$1.25.
R. Alors intermédiaire.
Pourquoi avez-vous travaillé cent vingt heures
(120) heures pour \$1.25? R. J'ai travaillé, j'ai
travaillé la semaine.

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13438

Lebranche.

R En 1934, j'étais sous le secours, mon boss est
venu me chercher, et m'a demandé pour travailler, j'ai
dit: c'est correct. J'ai commencé à travailler, avant
j'avais 35 cts de l'heure, j'ai travaillé dans cette
5 quinzaine là, les warps ne se sont pas adonnées à sor-
tir, il voulait que je sois là pareil, quand la paye
est arrivé, il a demandé au foreman: Combien je vais
le payer, il dit: je vais le payer à l'heure, il dit:
à l'heure on le paiera pas on va le payer à la job,
10 mon boss a dit: il aimera pas ça, il a rien que \$1.25
de fait. Là j'ai parti j'ai été le trouver, je lui
ai dit: ça pas de bons sens une affaire de même,
ils ne voulaient plus me donner mon secours, suffit
que j'avais retiré une paye, il m'a répondu: travaille
15 ici et reste sur le secours pareil, ce que tu feras
ici fera ça toujours, je lui ai dit: si je me fais
poigner qui va payer, est-ce eux ou moi.

Q Vous avez travaillé cent vingt heures pour
\$1.25? R Oui.

Q Quel était le nom de votre boss à ce moment là?
20 R Leblanc.

Q Savez-vous son premier nom? R Je pense que
c'est Achille.

Q Maintenant, les payes que Monsieur Ballantyne
vous a rapportées, les cinq ou six quinzaines qu'il
25 vous a rapportées, ce sont les dernières quinzaines
ça? R Oui.

Q Au mois de janvier et février 1936, quel était
votre moyenne de salaire? R Dans le mois
de janvier j'ai retiré une paye de \$10.00 pour
30 la quinzaine.

EXAMEN

INTERVIEW

En 1934, j'étais sous le second, mon boss est
dit: c'est correct. J'ai commencé à travailler, avant
j'avais 35 ans de l'heure, j'ai travaillé dans cette
usine, il voulait que je sois là pendant, quand la paye
est arrivée, il a demandé au foreman: Comment je vais
le payer, il dit: je vais le payer à l'heure, il dit:
à l'heure on le paie pas on va le payer à la job,
mon boss a dit: il n'y a pas de ça, il a rien dit.
Là j'ai senti j'ai été le trouver, je lui
ai dit: je pas de sous sans une minute de main,
ils ne voulaient plus me donner mon second, avait
dit j'avais senti que paye, il m'a répondu: travaillé
toi et reste sur le second pareil, ce que tu feras
toi feras toujours, je lui ai dit: si je me fais
signer qui va payer, est-ce eux ou moi.
Vous avez travaillé cent vingt heures pour
1.25?
R Oui.
Quel était le nom de votre boss à ce moment là?
R
R
R
Maintenant, les pays qui travaillent de l'extérieur
sont à l'étranger, les uns et les autres.
R
R
R
Au mois de janvier et février 1935, quel était
votre moyenne de salaire?
R Dans le mois
de janvier j'ai retenu une paye de \$10.00 pour
la semaine.

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13439

(Labranche)

Q Pour une quinzaine? R Oui, et l'autre je me rappelle pas, mais celle là je m'en rappelle j'ai retiré que \$10.00.

Q Pour cent et quelques heures de présence?

5

R Non, j'avais pas ça, j'avais pas cent heures, parce que le soir j'ai sorti, j'ai commencé à sortir, quand j'avais pas de warp j'allais, je sortais et je revenais passer mes warps.

Q Vous reveniez au cours de la nuit? R Oui.

10

Q Autrement dit vous sortiez? R Oui.

Q Et vous reveniez à peu près au temps où le warp devait être prêt? R Oui.

PAR MRE BALLANTYNE.

15

Q N'est-il pas vrai que quand vous reveniez au moulin le soir, c'était parce qu'on, c'était vous même qui aviez demandé de faire ça, parce qu'il y avait pas de travail, mais dans l'espérance d'avoir du travail vous vous teniez là, et n'est-il pas vrai que les soirs vous êtes resté presque toute la nuit, vous étiez avec le gardien dans son bureau, pour bavarder? R Oui, c'est ça que le boss m'a dit, il dit: tu attendras à la cabane du watchman.

20

PAR MRE BEAUREGARD.

25

Q Oui, attends à la porte et on te dira quand rentrer? R Oui, il m'a dit ça, mais c'est rien que dans les derniers temps qu'il m'a dit ça.

ET LE TEMOIN NE DIT RIEN DE PLUS.

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O-O-O-O-O-O-O-O

13440

Paradis.

A COMPARU: ARMAND PARADIS.

Lequel témoin est assermenté.

INTERROGE par Mtre BEAUREGARD.

5 Q Quel âge avez-vous Monsieur Paradis? R Quarante
et un an.

Q Vous demeurez où? R Je demeure à
Montréal à 2150 rue Chambly.

10 Q Vous travaillez où? R Je travaille
à la Dominion Textile.

Q A quelle usine? R A l'usine de Hoche-
laga.

Q En quoi consiste votre travail? R Je suis
coteur de coton, cotton doffer.

15 Q Quel est votre salaire actuel? R \$30.00,
\$35.00 par quinze jour, \$15.17½ par semaine.

Q Pour 55 heures? R 55 heures par se-
maine, 110 heures par quinzaine.

Q Depuis combien de temps travaillez-vous là?

R Depuis le mois de janvier 1930.

20 Q Faites-vous du nettoyage à part d'enlever le
coton? R Oui, je fais du nettoyage
le samedi.

Q Vous faites le nettoyage de quoi? R Je
fais le nettoyage des plafonds, des murs.

25 Q Vous faites le ménage? R Oui.

Q Depuis quand faites-vous ça? R A peu près
depuis 1931.

Q A quel moment de la semaine faites-vous ça?

R Le samedi après midi.

30 Q Est-ce qu'il y a plusieurs employés comme vous

INTERVIEW

A COMPTER: L'AMER PARADIS.

Lesquels j'ai été récemment.

INTERVIEWER: Lesquels j'ai été récemment.

Q: Quel est le statut de votre entreprise?

R: C'est une entreprise.

Q: Vous êtes une entreprise?

R: Oui, nous sommes une entreprise.

Q: Vous êtes une entreprise?

R: Oui, nous sommes une entreprise.

Q: Vous êtes une entreprise?

R: Oui, nous sommes une entreprise.

Q: En quel consiste votre travail?

R: C'est un travail de nettoyage.

Q: Quel est votre salaire annuel?

R: \$15.00 par semaine, \$15.00 par semaine.

Q: Pour 25 heures?

R: Oui, 110 heures par semaine.

Q: Depuis combien de temps travaillez-vous là?

R: Depuis le mois de janvier 1980.

Q: Faites-vous du nettoyage à part d'ailleurs là?

R: Oui, je fais du nettoyage.

Q: Le nettoyage.

R: Vous faites le nettoyage de quoi?

R: Le nettoyage des piscines, des murs.

Q: Vous faites le ménage?

R: Oui, depuis quand faites-vous ça?

R: Depuis 1981.

Q: A quel moment de la semaine faites-vous ça?

R: Le samedi et le dimanche.

Q: Vous faites ça tous les jours?

13441

Paradis.

qui font le ménage?

R Il y en

a à peu près une douzaine.

Q Qui travaillent à nettoyer les plafonds, les planchers?

R Dans chaque département il y en a trois, dans chaque département, et on a quatre départements.

Q Etes-vous payé à l'heure pour ça? R On est payé depuis le....je vais vous dire la date au juste, depuis le 14 novembre.

Q Depuis le 14 novembre, vous êtes payé?

R Oui, monsieur.

Q Depuis le 14 novembre 1936?

R Oui,

monsieur.

Q Ca c'est samedi?

R Pas samedi dernier,

l'autre samedi avant.

Q Le samedi précédent?

R Oui.

Q C'est la première fois que vous êtes payés pour ça?

R C'est à dire non, j'ai commencé à faire le nettoyage comme je disais tout à l'heure en 1931, à aller jusqu'au 27 juillet en 1934,

on nous faisait prendre une après midi de congé par semaine, et on nous faisait travailler le samedi après midi à la place.

Q Vous travailliez le samedi après midi et vous ne travailliez pas une autre après midi de la semaine?

R Oui.

Q Et vous étiez payé pour l'après midi de la semaine, comme si vous aviez travaillé? R Oui, on avait le samedi à la place.

Q Autrement dit, au lieu d'avoir congé le samedi

Parabola

13441

est tout le monde

à la fin d'une semaine.

Q. Qui travaillait à cette époque les policiers, les

plombiers? R. Dans chaque département il y

en a trois, dans chaque département, et on a parfois

départements.

Q. Plus vous voyez à l'école pour ça? R. On avait

payé depuis le... les vers vous être la date de l'été

depuis le 14 novembre.

Q. Depuis le 14 novembre, vous êtes payés

R. Oui, monsieur.

Q. Depuis le 14 novembre 1982? R. Oui.

monnaie.

Q. C'est samedi? R. Les samedi dernier.

I. autre samedi avant.

Q. Les samedi précédents? R. Oui.

Q. C'est la semaine où vous êtes payés

pour ça? R. C'est à dire non, j'ai

commencé à faire le nettoyage comme je disais tout

à l'heure en 1981, à aller jusqu'en 1982 jusqu'en 1983

on nous faisait prendre une après midi de congé par

semaine, et on nous faisait travailler le samedi après

midi à la place.

Q. Vous travailliez le samedi après midi et vous ne

travailliez pas une autre après midi de la semaine?

R. Oui.

Q. Et vous étiez payés pour l'après midi de la se-

maine, comme si vous aviez travaillé? R. Oui.

monnaie le samedi à la place.

le samedi 10, le dimanche 11, le lundi 12

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13442

Paradis.

après midi, vous aviez congé un autre jour de la semaine? R. Justement.

5 Q. Seulement les jours de la semaine où vous aviez congé vos confrères travaillaient? R. Oui, un autre prenait mon ouvrage.

Q. Est-ce qu'on prenait un homme supplémentaire pour vous remplacer, ou si on laissait votre travail à la charge de ceux qui étaient là? R. On prenait pas d'hommes supplémentaires.

10 Q. Si vous étiez cinq pour faire le travail, il y en avait 4 qui faisaient le travail de cinq?

R. Oui monsieur.

Q. De cette façon là l'ouvrage se faisait quand même? R. Oui.

15 Q. Et la compagnie faisait faire le nettoyage pour rien? R. Oui.

Q. Ça duré jusqu'à 1934 vous dites? R. A partir de 1931, à aller au 27 juillet 1931, du 21 juillet 1934, au 26 juillet 1935, là on a été payé pour l'ouvrage qu'on faisait, de cette date au mois de novembre, 20 le 29 novembre 1935, là on était pas payé, c'est à dire la paye du 29 novembre on a été payé avec la paye du 13 décembre 1935, ces deux payes là on a été payé; il y avait beaucoup d'ouvrage, on était à court d'hommes, ils pouvaient pas prendre un autre homme, 25 comme ça c'est fait à venir au 14 novembre; et du 13 décembre 1935 au 14 novembre 1936 on nous a fait prendre un après midi de congé et on travaillait le samedi après-midi à la place.

Q. De 1931 à 1934 vous le faisiez pour rien?

30 R. Oui.

13443

Paradis.

Q Vous étiez payé un après midi que vous ne faisiez pas dans la semaine? R Oui.

Q Et ceci compensait le samedi après midi? R Oui monsieur.

5 Q Ca c'est de 1931 à 1934? R Oui, au 27 juillet 1934.

Q Quelle est la différence entre 1931 à 1934 et 1934-1935? R Du 27 juillet 1934 à 1935, on a été payé pour cette année là.

10 Q Avant c'était un congé que vous aviez? R Oui monsieur.

Q Et pendant un an de temps on vous a payé?

R Oui

15 Q Et à compter de décembre 1934 au 14 novembre 1935, vous êtes retombé sur le régime de paiement par un congé? R Du 27 juillet 1935 au 29 novembre 1935 on a pas été payé, la paye du 29 novembre 1935 et la paye du 13 décembre 1935, ces deux payes on a été payé, à partir du 13 décembre 20 1935 à venir au 14 novembre 1936, on a fait l'ouvrage et on nous faisait prendre une après midi de congé.

Q Combien ça vous donnait? R Cinq heures d'ouvrage.

25 Q Combien par heure d'ouvrage, combien d'argent par heure d'ouvrage? R 27 cts et 59/100.

ET LE TEMOIN NE DIT RIEN DE PLUS.

-O-O-O-O-O-O-O-O-O-O-O-O-

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Et ceci complétait le samedi après midi? R Oui
considérer.
C'est-à-dire de 1931 à 1934? R Oui, au 27 juillet-
et 1934.
Quelle est la différence entre 1931 à 1934 et
1935-1937? R Du 27 juillet 1934 à 1935,
on a été payé pour cette année là.
Avant c'était un congé de vous aviez? R Oui
monseigneur.
Et pendant un an de temps on vous a payé?
R Oui, monseigneur.
1935, vous êtes restés sur le régime de paiement
par un congé? R Du 27 juillet 1935 au 28
novembre 1935 on a été payé, la paye du 28
novembre 1935 et la paye du 13 décembre 1935, ces
deux payes on a été payé, à partir du 13 décembre
1935 à venir au 14 novembre 1936, on a fait l'ouvrage
et on nous faisait donner les autres mois de congé.
Combien de vous donnez? R Cinq heures
d'ouvrage.
Combien par heure d'ouvrage, combien d'heures
vous donnez? R 27 heures par semaine.
Et la semaine de dix heures de 1936.

13444

Perrault.

A COMPARU: ARTHUR PERRAULT.

Lequel témoin est assermenté.

Interrogé par Mtre BEAUREGARD:

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Q Quel âge avez-vous Monsieur Perrault? R Vingt-quatre ans.

Q Où demeurez-vous? R Je demeure à Montréal.

10

Q Où travaillez-vous? R Je travaille à la Dominion Textile.

Q A l'usine d'Hotthelaga? R Oui, monsieur.

Q Depuis combien de temps travaillez-vous pour la Dominion Textile? R Je travaille là depuis l'âge de dix ans.

15

Q Vous avez commencé à 14 ans? R Oui.

Q Quelle est votre occupation? R Je suis cleaner.

Q A quel salaire? R \$11.00 par semaine.

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Q Est-ce votre salaire depuis longtemps ça, \$11.00 par semaine? R Depuis six ans, pas tout à fait, on avait 25 cts de l'heure, ils nous ont mis à 23 cts et on est descendu à 20 cts.

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Q C'est en dedans des six ans ça? R On a eu 25 cts voilà six ans, et voilà deux ou trois ans, on nous a mis à 23 cts, après ça, on a retombé à 20 cts il y a deux ans.

Q Il y a deux ans on vous a mis à 20 cts?

R Oui.

30

Q C'est à dire qu'en deux étapes vous avez perdu 5 cts de l'heure? R Oui, et avec un surplus d'ouvrage.

quel âge avez-vous maintenant ? R. Vingt ans.
Où êtes-vous né ? R. À Montréal.
Où avez-vous travaillé ? R. À la Dominion Textile.
Depuis combien de temps travaillez-vous pour la Dominion Textile ? R. Je travaille là depuis six ans.
Où avez-vous commencé à travailler ? R. Ici.
Quelle est votre occupation ? R. Je suis...
A quel salaire ? R. \$11.00 par semaine.
Est-ce votre salaire depuis longtemps ? R. \$11.00 par semaine.
Depuis six ans, pas tout à fait, on avait 10.00 de l'heure, les autres ont mis à 12.00 et on est descendu à 10.00.
C'est en dehors des six ans ? R. Oui.
Et vous avez travaillé six ans, et vous avez travaillé six ans, on nous a mis à 12.00, après, on a retombé à 10.00.
Il y a deux ans.
Il y a deux ans on vous a mis à 10.00 ? R. Oui.
C'est à dire qu'en deux ans vous avez gagné... R. Oui, et avec un salaire d'ouvrier.

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13445

Perrault.

Q De quelle façon ce surplus d'ouvrage? R Oui, on était supposé avec notre job, on vidait 50 fly, en dessous des cardes.

5 Q Vous nettoyez les machines à carder? R Oui, on otait l'huile de la fly en dessous, ils ont oté 50 fly aux autres et ils nous les ont donnés.

Q Ils ont doublé le travail? R Non, mais ça nous donne une heure de plus le lundi.

10 Q Vous faites ça une fois par semaine? R Oui monsieur.

Q Vous en aviez cinquante et ils vous en ont donné cent? R Oui.

15 Q En tous cas vous constatez une augmentation d'ouvrage? R Oui, ensuite de ça, ils viennent nous chercher des après midi pour nous envoyer paqueter ou dépaqueter les rovings, et notre cleanage reste là, l'ouvrage reste là.

Q Vous allez aider aux autres? R Oui.

Q C'est en supplément ça? R Oui, monsieur.

20 Q A quelle heure allez-vous dîner vous? R Je vais dîner à 11 heures et je rentre à midi.

Q Vous dînez à onze heures et vous rentrez à midi? R Oui.

25 Q Vous nettoyez vos machines? R Non, le midi je run les cardes.

Q De midi à une heure vous nettoyez les cardes?

R Oui.

Q Vous runnez les cardes pour les gens des cardes qui sont absents? R Oui.

30 Q Quelles sont vos heures de travail, vous, quand

Revue 12.

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De quelle façon se situent les ouvriers ? R. Oui, on était supposé avec notre loi, on venait à l'heure, de même des autres.

Vous nettoyez les machines à coudre ? R. Oui, on était l'huile de la fil en dessous, ils ont été à l'heure et ils ont été à l'heure.

Ils ont doublé le travail ? R. Non, mais, à nous donne une heure de plus le lundi.

Vous faites, à une fois par semaine ? R. Oui, monsieur.

Vous en avez un autre et ils vous en ont un autre ? R. Oui.

En tout cas vous constatez une augmentation d'ouvriers ? R. Oui, surtout de la, ils viennent nous chercher des gens à midi pour nous envoyer par lester ou décharger les roving, et notre clientèle reste là, l'ouvrier reste là.

Vous allez aider aux autres ? R. Oui.

C'est en supplément ? R. Oui, monsieur.

À quelle heure allez-vous aider vous ? R. Je vais aller à 11 heures et je rentre à midi.

Vous allez à l'heure et vous rentrez à midi ? R. Oui.

Vous nettoyez vos machines ? R. Non, la

De midi à une heure vous nettoyez les autres ? R. Oui.

Vous nettoyez les autres pour les gens des autres ? R. Oui.

Vous nettoyez vos machines ? R. Oui.

Vous nettoyez vos machines de travail, vous, dans

13446

(Perrault)

commencez-vous? R On commence le midi.

Q Quand finissez-vous? R On travaille le soir jusqu'à neuf heures, le lundi et le mercredi.

5 Q Vous faites neuf heures d'ouvrage? R Oui, et on a pas de demie heure ni rien.

Q A quelle heure soupez-vous? R On a pas l'heure, on soupe en travaillant.

Q Vous mangez en travaillant? R Oui, quand on a le temps.

10 Q C'est dans le département des cartes ça?

R Oui.

Q Vous entrez à quelle heure le matin? R On entre à sept heures.

15 Q Vous faites de 7 heures à 11 heures? R Oui, monsieur.

Q Vous faites quatre heures dans l'avant midi?

R Oui.

Q Et de midi à 9 heures du soir bien des fois?

R Oui.

20 Q Ordinairement votre journée finit à six heures?

R Oui.

Q Et il vous arrive de faire jusqu'à neuf heures?

R Oui, monsieur.

25 Q Etes-vous prévenu d'avance quand vous avez à travailler jusqu'à neuf heures? R Oui, ils nous le disent dans l'avant midi.

Q Et vous prenez vos précautions pour emporter votre manger? R Oui.

Q Seulement vous avez pas le temps de manger?

30 R Quand on run les cartes, comme samedi passé, on a pas le temps de manger, la doff passe et on a pas

13448

(FERNAND)

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commencez-vous? R On commence le midi.
et on a pas de demi heure ni rien.
A quelle heure soupez-vous? R On a pas
d'heure, on soupe en travaillant.
Vous mangez en travaillant? R Oui, quand on
le temps.
C'est dans le département des ordres?
Vous entrez à quelle heure le matin? R On
entre à sept heures.
Vous faites de 7 heures à 11 heures? R Oui,
souvent.
Vous faites quatre heures dans l'avant midi?
Oui.
Et de midi à 3 heures ça soit bien des fois?
Oui.
Ordinairement votre journée finit à six heures?
Oui.
Et il vous arrive de finir jusqu'à neuf heures?
Oui, souvent.
Travailler jusqu'à neuf heures? R Oui, les
jours où il y a du travail.
Et vous ne travaillez pas le dimanche?
Non, le dimanche on ne travaille pas.

13447

Perrault.

le temps de manger, l'autre jour j'ai mangé à 7½ hrs
le soir.

PAR M^{RE} BALLANTYNE.

5 Q Monsieur Perrault, je comprends que sur les
cartes il y a trois sortes d'employés? R Oui,
monsieur.

Q Le cardman? R Oui.

Q Le stripper? R Oui.

Q Et le cleaner? R Oui.

10 Q Vous êtes cleaner? R Oui.

Q Et des fois vous êtes obligé de travailler comme
card man? R Oui.

Q Quand vous travaillez comme card man, vous êtes payé
sur la base d'un card man? R Oui.

15 Q Je comprends davantage que le card man travaille
d'habitude sur 45 machines? R Il travaille
sur 42 machines.

Q Et ce que vous appelez le stripper travaille
d'habitude sur 100 machines? R Oui.

20 Q Et le cleaner lui aussi comme le tripper il
travaille sur cent machines? R Oui.

Q Quand le card man sort pour dîner, c'est vous
qui prenez sa place? R Oui.

Q C'est bien ça? R Oui.

25 Q Pendant que vous travaillez sur cette heure de
dîner là, comme cardman, vous ne faites pas le tra-
vail de cleaner, de nettoyeur? R Non.

Q Et vous êtes payé le salaire du card man?

R Oui, je suis payé sur le prix des cartes.

30 Q Comme si vous étiez un card man? R Oui.

ET LE TEMOIN NE DIT RIEN DE PLUS.

1884-1885

1884-1885

Je pense de manger, j'ai mangé à 12 heures

Je suis

PAR M. LE JUGE

Monsieur le Juge, je comprends que les

ordres de 12 à 13 heures d'anglais

anglais

Je comprends

Je comprends

Je comprends

Vous êtes clair

Et les lois vous êtes obligés de travailler comme

Je suis

Je comprends que vous êtes obligés de travailler

Je comprends que vous êtes obligés de travailler

Je comprends que vous êtes obligés de travailler

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Je comprends que vous êtes obligés de travailler

Je comprends que vous êtes obligés de travailler

Je comprends que vous êtes obligés de travailler

A COMPARU: HERCULE DARGIS:

LEQUEL témoin est assermenté.

Interrogé par Mtre BEAUREGARD.

5 Q Monsieur Dargis quel est votre âge? R Trente
deux ans.

Q Vous travaillez où? R Je travaille
à la Dominion Textile.

10 Q Vous demeurez où? R Je demeure à Mon-
tréal.

Q Et vous travaillez à l'usine d'Hochelaga?

R Oui, monsieur.

15 Q Depuis combien d'années travaillez-vous pour la
Dominion Textile? R Je travaille depuis
1918, par intervalle.

Q Vous avez travaillé par intervalles depuis 1918?

R Oui.

Q Quel est votre travail, la nature de votre tra-
vail? R Je suis tisserand.

20 Q Vous êtes tisserand depuis combien d'années
pour la Dominion Textile? R Depuis environ
sept ou huit années de travail.

Q Combien de métiers avez-vous? R 53, ça va-
rie, 39 plain et 14 fancy.

25 Q Est-ce qu'il y a des gens qui ont plus de mé-
tiers que vous? R Non, pas à Hochelaga, je
ne crois pas.

Q Vous commencez à quelle heure vous à travail-
ler? R Je commence à sept heures du matin.

30 Q Et vous arrêtez à quelle heure pour dîner?

A CHANDLER: ENVOI DE DROITS:

Les droits de douane sont payables.

Intéressé par une licence de

Chandler, droits de douane sont payables. R. En

droits de

Vous travaillez en? R. Je travaille

à la fabrication textile.

Vous travaillez en? R. Je travaille à

textile.

De vous travaillez à l'usine de textile?

R. Oui, monsieur.

Quel est votre travail? R. Je travaille

à la fabrication textile.

1948, par exemple.

Vous avez travaillé par exemple à la

usine.

Quel est votre travail, le travail de votre

usine? R. Je suis fabricant.

Vous êtes fabricant de textile? R. Oui.

Vous êtes fabricant de textile?

Vous êtes fabricant de textile.

Comment se fait votre travail? R. Je

travaille à la fabrication.

Est-ce qu'il y a des gens qui ont

travaillé à la fabrication? R. Oui, par exemple.

ne sont pas.

Vous travaillez à la fabrication de textile?

Je commence à avoir des idées de

travailler à la fabrication de textile.

R On arrête à midi.

Q Vous avez une heure pour prendre votre dîner?

R Oui.

Q Prenez-vous votre heure pour dîner? R Oui, monsieur.

Q Par conséquent vous rentrez à une heure?

R Oui.

Q Et vous travaillez jusqu'à? R On travaille jusqu'à sept heures.

Q Du soir? R Oui, on fait partir le métier quand la lumière rouge s'allume.

Q A une heure ça? R Je crois.

Q Est-ce que vos métiers arrêtent pendant le temps du dîner? R Le fancy arrête, le plain marche.

Q Le fancy arrête et le plain marche? R Oui, monsieur.

Q Les métiers sur lesquels il y a du coton ordinaire?-- R On les laisse runner ceux là.

Q En votre absence? R Oui.

Q Qui s'en occupe pendant ce temps là?

R Personne.

Q Qu'est-ce qui arrive sur ces métiers qui sont sans surveillance?

R Il y en a qui vont bien, il y en a d'autres qui font des manquements.

Q Quel est le résultat pour l'ouvrier, quand il rentre, et que son moulin a été laissé à l'abandon?

R Ca prend plus de temps pour le faire partir.

Q En revenant vous êtes obligé de réparer les

1914

On envoie à midi.

Oui.

Prenez-vous votre repas pour dîner?

Oui.

Et vous travaillez jusqu'à?

Jusqu'à sept heures.

De quel?

Oui, on fait partir.

Le métier quand la lumière rouge s'allume.

A une heure et?

Je crois.

Est-ce que vos collègues arrêtent pendant la

temps de dîner?

R

Le temps arrêté, la plan

meure.

Le temps arrêté et la plan meure?

R

Oui.

Monsieur.

Les métiers sur lesquels il y a du coton or-

gaines?

R

On les laisse tourner avec

la.

En votre absence?

R

Oui.

Qui s'occupe pendant ce temps là?

Personne.

Qu'est-ce qui arrive avec ces métiers qui sont

surveillés?

R

Il y en a qui vont

à l'arrêt, il y en a qui continuent à tourner.

Quel est le résultat pour l'ouvrier, quand il

travaille, et que son métier a été laissé à l'arrêt?

On prend plus de temps pour la faire partir.

En revenant vous êtes obligés de réparer les

13450

DARGIS.

R Certainement qu'il faire l'ouvrage.

Q Quelle espèce de désordre y a-t-il, les brins cassent?

R Oui,

5

Q Est-ce qu'il arrive que le métier tisse avec des brins mêlés?

R Oui.

Q Ce qui fait de l'étoppe moins bon?

R Oui.

Q Si votre métier, en votre absence fabrique cette étoffe, est-ce que vous êtes obligé d'en couper?

R Des fois on le coupe,

10

quand la pièce est assez grosse on peut la couper, quand elle est pas assez grosse, il faut le réparer pour pas que ça paraisse.

Q Ça prend plus de temps pour réparer ça?

R Il y a quelqu'un pour faire ça.

15

Q Qu'est-ce qui vous arrive à vous?

R Le

métier arrête, mais quand on a quelques brins, ou un petit manquement, c'est moi qui le démanche.

Q Si c'est un gros désordre quelqu'un fait ça?

R Oui.

20

Q C'est transmis à une autre personne qui y voir?

R Oui.

Q Quel salaire faites-vous d'une façon générale vous?

R Je ne peux pas dire,

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c'est jamais, j'ai jamais figuré ça, à venir jusqu'à juin, je faisais une moyenne de \$9.00 par semaine, de décembre à juin 1936, j'ai fait \$9.00 par semaine.

Q Ça représentait combien d'heures?

Je le

30

sais pas, j'ai pas regardé ça, des semaines on travaille plus de temps, j'ai pris un bunch d'enveloppes, je les avais calculées.

INTERVIEW

Q Certainement qu'il faire l'ouvrage.

Q Quelle espèce de ouvrage y a-t-il, les brins

casement?

Q Est-ce qu'il arrive que le métier tienne avec

des brins mâlés?

Q Ce qui fait de l'étoffe moins bon? R Oui.

Q Si votre métier, en votre absence fabriquer

cette étoffe, est-ce que vous êtes obligé d'en

couper? R Des fois on la coupe,

quand la pièce est assez grosse on peut la couper,

quand elle est pas assez grosse, il faut la reparer

pour pas que ça se casse.

Q On prend plus de temps pour réparer ça?

R Il y a quand même pour la réparer.

Q Qu'est-ce qui vous arrive à vous? R La

main droite, mais quand on a quelques brins, on

un petit rapidement, c'est moi qui le démanche.

Q Si c'est un gros de corde d'acier, on fait ça?

R Oui.

Q C'est transmis à une autre personne qui y

voilà? R Oui.

Q Quel salaire reçois-vous d'une façon générale

vous? R Je ne peux pas dire,

c'est jamais, j'ai jamais figuré ça, à venir jusqu'à

qu'à juin, je faisais une moyenne de \$2.00 par semaine,

de novembre à juin 1936, j'ai fait \$2.00

par semaine.

Q Ça représentait combien d'heures? Je la

mais pas, j'ai pas regardé ça, des semaines on

travaille plus de temps, j'ai pris un punch d'acier

velopper, je les avais calculés.

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13451

DARGIS.

Q La moyenne de vous avez retirée c'est \$9.00
de décembre 1935 à juin 1936? R Oui,
monsieur.

Q Est-ce que vous n'aviez pas assez de métiers?

5 R J'avais 24 à 25 métiers.

Q Du même genre que ceux que vous avez là?

R Oui.

Q On a augmenté le nombre de vos métiers?

R Oui.

10 Q Est-ce que votre paye s' n est ressenti pour
la peine? R Je retire \$27.00, \$28.00,

\$30.00, \$35.00 une fois.

Q Par quinzaine? R Oui.

15 Q Vous avez plus de métiers? R Oui, j'ai
cinquante-quatre métiers, ils vont plus vite aussi
ces métiers là.

Q Les machines ne vont pas toujours à la même
vitesse? R Non, les métiers sont plus
vite depuis le mois de juillet.

20 Q On a tourné, la compagnie a tourné un tour de
vis et les machines vont plus vite? R Oui.

Q L'ouvrier doit aller plus vite pour faire
ça? R Oui.

Q Est-ce que ça augmenté votre salaire ça?

R Un peu oui.

25 Q Vous vous en êtes ressenti dans votre salaire?

R Oui, trente métiers de plus, plus du dou le.

Q Vous avez plus que le double, mais avez vous
double salaire? R Non, le coton en
juillet a été baissé, de 30 cts à 18 cts la cat, le
B 138.

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* to find out how much of the money is being spent

13442

DARGIS.

Q En juillet 1935? R Non, 1936.

Q La paye à la out a été baissée? R Oui, au lieu de 30 cts, c'est 18 cts.

Q Il est tombé de 12 cts sur 30 cts? R Oui, monsieur.

Q C'est vrai ça? R Je dis ça sous serment c'est vrai.

Q Est-ce que les prix son affichés, qui vous a dit ça? R On nous montre la carte des out le mardi après la quinzaine, c'est le prix marqué sur la carte, c'est ce que le contremaitre m'a dit.

Q Le même genre d'ouvrage? R Le même coton.

Q Le même ouvrage? R Oui.

Q Sur les mêmes métiers? R Oui, mais ils vont plus vite.

Q C'est à dire qu'on en fait plus? R Oui, monsieur.

Q La production est plus haute? R Oui, et on a plus de métiers.

Q Les métiers vont plus vite, un ouvrier se dépêche plus, un tarif réduit et un salaire légèrement augmenté? R Oui.

Q C'est le résumé de l'affaire ça? R Oui.

Q Vous retirez quelques piastres de plus?

R Oui.

Q Et la compagnie vend pas mal plus de coton?

R Oui, monsieur.

BAR MTR BALLANTYNE.

Q Monsieur Dargis, vous venez de dire, je crois, que c'est au mois de juillet, on a augmenté la

1942

1942

Q. Au 1er juillet 1935?
R. Non, 1935.
Q. La paye à la carte a été baissée? R. Oui, au
de 30 cts, c'est 18 cts.
Q. Il est tombé de 18 cts sur 30 cts? R. Oui.
Monsieur.
Q. C'est vrai, n'est-ce pas?
R. Je dirais sous sa
c'est vrai.
Q. Est-ce que les prix son affaiblis, par vous
dit, n'est-ce pas? R. On nous montre la carte des
la carte, c'est la même, c'est la même.
sur la carte, c'est ce que le contremaître n'a dit
Q. Le même genre d'ouvrage? R. La même chose.
Q. Le même ouvrage? R. Oui.
Q. Sur les mêmes matières? R. Oui, mais ils
vont plus vite.
Q. C'est à dire qu'on en fait plus? R. Oui.
Monsieur.
Q. La production est plus élevée? R. Oui.
et on a plus de matière.
Q. Les métiers vont plus vite, au contraire de la
même plus, au tarif réduit et au salaire élevé.
R. Oui.
Q. C'est le résumé de l'affaire, n'est-ce pas?
R. Oui.
Q. Et la compagnie vend plus maintenant?
R. Oui.
Monsieur.
Q. Monsieur Dargis, vous venez de dire, je crois
c'est c'est au mois de juillet, on a augmenté la

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DARGIS.

vitesse des métiers. Je veux que vous soyez bien certain, parce qu'on me dit qu'il paraît que vous vous trompez. Etes-vous certain, êtes-vous capable de le jurer? R. Pour faire mon ouvrage, pour sur mon ouvrage à moi.

Qu'est-ce que vous voulez-dire?

PAR M^{RE} BEAUREGARD:

Q. Sur l'ouvrage d'autres? R. Je ne fais pas l'ouvrage des autres. Dites-vous "tremper" ou "tromper"?

PAR M^{RE} BALLANTYNE.

Q. Vous faites erreur en disant que les machines ont été augmentées de vitesse, je crois que vous faites erreurs quand vous dites ça, vous êtes ici dans la boîte, et je ne veux pas vous poigner, mais ne le dites pas si vous êtes pas certain.

PAR LE TRIBUNAL:

Q. Est-ce que vous dites que la vitesse a été augmenté? R. Tout le monde m'a dit qu'elle avait été augmentée, mon contremaître, et les arrangeurs.

PAR M^{RE} BALLANTYNE.

Q. Vous l'avez pas remarqué dans votre travail que ça marchait plus vite, vous personnellement, pas d'autres personnes? R. Personnellement je ne sais pas combien ils faisaient avant, je sais qu'ils vont 140 maintenant.

Q. Qu'est-ce qu'il faut comprendre, est-ce que la vitesse a été augmentée, soit à votre connaissance ou à vos observations, ou non?

R. Moi même personnellement, je l'ai pas vu changer.

144

Q. Vous faites erreur en disant que les machines
ont été augmentées de vitesse, je crois que vous
faites erreur dans vos dires, vous êtes ici
dans la boîte, et je ne veux pas vous poignard, mais
ne le dites pas si vous êtes pas certain.

PAR LE TRIBUNAL:

Q. Est-ce que vous dites que la vitesse a été aug-
mentée? R. Tout le monde m'a dit qu'elle
avait été augmentée, non contrairement, et les ex-
perts.

PAR MIRE BALLANTINE.

Q. Vous l'avez pas remarqué dans votre travail
la vitesse? R. Personnellement
je ne sais pas comment ils travaillent avant, je
sais qu'ils vont plus vite.

Q. La vitesse a été augmentée, soit à votre connaissance
ou à celle des autres, ou non?
R. Moi même personnellement, je l'ai pas vu chan-

ger.

Q Vous êtes ici comme témoin, vous êtes supposé de dire la vérité, c'est une question facile de savoir si la vitesse a été augmentée ou non?

5 R Je ne peux pas dire.

Q Cette question de l'heure, entre midi et une heure, vous avez dit tout à l'heure que vous travailliez sur le fancy et le plain, et que les métiers pour le fancy s'arrêtaient à midi, et que les autres continuaient à marcher?

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R Oui, Monsieur.

Q Est-ce que ce sont des métiers automatiques?

R Oui.

Q Ils sont supposés s'arrêter au cas où un brin de fil casse?

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R Oui.

Q Maintenant, pour cette question, vous avez dit qu'il y avait eu une augmentation des métiers, n'est-il pas vrai que sur quelques styles de coton, on peut faire marcher moins ou plus de métier, ça dépend du style du coton?

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R Oui, monsieur.

Q Ça dépend du nombre de métiers qu'un homme peut faire marcher?

R Oui.

ET LE TEMOIN NE DIT RIEN DE PLUS :

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-O-O-O-O-O-O-O-

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Q. Vous êtes ici comme témoin, vous êtes supposé
de dire la vérité, c'est une question facile de
savoir si la vérité est la même ou non ?
R. Je ne peux pas dire.
Q. Cette question de l'heure, entre midi et une
heure, vous avez dit tout à l'heure que vous traversiez
les sur le tancy et le plain, et que les métiers
pour le tancy s'arrêtaient à midi, et que les autres
continuaient à marcher ?
R. Oui, Monsieur.
Q. Est-ce que ce sont des métiers automoteurs ?
R. Oui.
Q. Ils sont supposés s'arrêter au cas où un train
de fer passe ?
R. Oui.
Q. Maintenant, pour cette question, vous avez dit
qu'il y avait eu une augmentation des métiers, n'est
il pas vrai que sur quelques styles de coton, on
ne peut faire marcher moins ou plus de métier, de 60-
pend au style de coton ?
R. Oui, Monsieur.
Q. Et dépend du nombre de métiers de l'homme
peut faire marcher ?
R. Oui.
C'est ça ?
R. Oui.
Et la machine ne peut pas faire :

-0-0-0-0-0-0-

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13455

Mtre Beauregard, appelle M. Michaud comme témoin.

5 MTRE BALLANTYNE. Avant de procéder avec M. Michaud je voudrais faire quelques remarques à la Cour.

PAR M. LE COMMISSAIRE.

Q Avez-vous fini avec les témoins de la Dominion Textile.

PAR MTRE BEAUREGARD:

10 J'ai fini avec les ouvriers, mais je veux faire entendre Monsieur Michaud.

PAR MTRE BALLANTYNE.

15 Je comprends, c'est ce que je veux dire, je comprends que tous ces témoins ont été appelés aujourd'hui ici, pour confirmer ou non les griefs qui étaient exposés dans le rapport fait à la Cour par M. Coté, de la part des Syndicats.

PAR M. LE COMMISSAIRE.

J'ai compris qu'ils venaient pour ça.

PAR MTRE BEAUREGARD:

20 Certainement.

PAR MTRE BALLANTYNE.

25 Voici mon cas. Si la Cour est prête à prendre les témoignages rendus ici aujourd'hui en considération pour son rapport de M. Coté, je n'aurais pas de contre preuve à faire, mais si nous devons y répondre, aux griefs pour lesquels les témoins ont été appelés aujourd'hui, mais pour répondre à d'autres griefs, qui pour ma part je considère ne pas avoir une grande importance, mais si ces griefs vont être pris en considération, j'aurais une contre preuve à faire, si

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NAME _____

Mr. Nease, and, as the M. & A. General Agent

THE FOLLOWING INFORMATION IS FOR YOUR INFORMATION ONLY.

There is a constant desire to exist in a state of being

P. R. M. L. E. C. D. S. I. A. J. A. J. A.

Avast-vos e mi avel for forma de la dominion

REF ID: A61087

1. The first time I saw her, she was in a very bad mood.

• JOURNAL OF THE •

Le comptable, tout ce que je veux dire, est que

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Le Cote de la part des Syndicats

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THE UNIVERSITY OF CHICAGO PRESS

1. Qual a importância da educação para o desenvolvimento sustentável?

and no other state they believe are in view.

10. The Commission has also received information from the Government of the Republic of the Philippines that the Philippine National Police (PNP) has been instructed to conduct a search for the whereabouts of the following individuals:

13456

la Cour veut prendre les témoignages rendus ce matin,
je n'aurai pas de contre preuve à faire.

PAR M. LE COMMISSAIRE:

Voici à Montréal on a lu un exposé des griefs,
il dit que ces griefs n'ont pas été soumis par la preuve
aujourd'hui, mais on s'est attaqué à d'autres questions,
heures de travail, etc., questions que nous avons en-
tendues déjà. Il paraîtrait dans cet exposé qu'on
a eu des griefs formulés et dont la preuve n'a
pas été apportée aujourd'hui.

PAR M^{RE} BEAUREGARD:

Ma preuve est close sur ce point là mais je
veut faire entendre Monsieur Michaud.

PAR M. LE COMMISSAIRE.

Alors je ne puis continuer que sur cette preuve
là.

(A M^{re} Ballantyne) Vous êtes venu ici prêt
à rencontrer la preuve sur ces questions, mais comme
il n'y a pas eu de preuve, vous avez rien à rencontrer.

M^{RE} BALLANTYNE.

C'est justement ça, je ne veux pas faire une
preuve moi même, parce que je suis content d'ac-
cepter la preuve d'aujourd'hui.

PAR M^{RE} BEAUREGARD:

Je désirerais faire entendre M. Michaud.

PAR M. LE COMMISSAIRE:

Quand quelqu'un est capable de témoigner en
présence du tribunal, il n'a pas besoin de subpoena,
il est obligé de témoigner.

PAR M. BEAUREGARD:

M. Michaud est ici pour éclairer la preuve de
faits prouvés aujourd'hui, à savoir ce que les

1914

Je n'ai pas de contre preuve à faire.

PAR M. LE COMMISSAIRE:

Voici à l'endroit où il se trouve les preuves
il dit que les preuves n'ont pas été soumises
au tribunal, mais on s'est attendu à ce qu'elles
soient produites. Il paraît qu'il y a eu
un défaut de preuve et que la preuve n'a
pas été apportée au tribunal.

PAR M. LE COMMISSAIRE:

Ma preuve est faite et je ne puis
rien faire d'autre.

PAR M. LE COMMISSAIRE:

Alors je ne puis continuer que sur cette base.

(A l'adresse du jury) Vous avez vu les
preuves et vous avez vu les preuves.
Il n'y a pas de preuve, vous avez vu à l'endroit

C'est tout ce que je peux dire.
Je ne puis rien dire d'autre.

PAR M. LE COMMISSAIRE:

Je désire faire entendre M. Michael.

PAR M. LE COMMISSAIRE:

Quand quelqu'un est accusé de ténacité en

il est obligé de ténacité.

PAR M. LE COMMISSAIRE:

Je n'ai pas de contre preuve à faire.

témoins ont dit aujourd'hui.

PAR M. LE COMMISSAIRE.

Vous pouvez l'interroger sur n'importe quoi.

PAR M^{RE} BALLANTYNE.

J'aimerais bien à le transquestionner.

PAR M^{RE} BEAUREGARD.

Vous le transquestionnerai.

-O-O-O-O-O-O-O-O-O-

A COMPARU: ALFRED MICHAUD.

Lequel témoin est assermenté

INTERROGE par M^{re} Beauregard.

Q Monsieur Michaud, quel est votre âge?

R Soixante-trois ans.

Q Vous demeurez à quel endroit? R Je demeure
à Montréal.

Q Vous travaillez à quel endroit? R Je tra-
vaille à Hochelaga.

Q Vous travaillez à l'usine de la Dominion Tex-
tile? R Oui.

Q Depuis combien d'années? R Je
travaille depuis seize ans.

Q Où travailliez-vous avant ça? R A la
Merchant et à Ste. Anne.

Q Vous travailliez toujours pour la Dominion
Textile? R Oui.

Q Mais dans d'autres usines? R Oui.

Q Quelles sont vos fonctions depuis six ans?

R La majorité du temps assistant surintendant
et surintendant.

Il est en effet au point de vue

M. M. LA COMMISSION

L'attention est à la fin de la

M. M. LA COMMISSION

M. M. LA COMMISSION

A COMMISSION

Lequel terrain est assaini

INTÉRESSÉ par M. M. LA COMMISSION

M. M. LA COMMISSION, quel est votre avis

Lequel terrain est assaini

M. M. LA COMMISSION, quel est votre avis

M. M. LA COMMISSION

M. M. LA COMMISSION, quel est votre avis

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M. M. LA COMMISSION, quel est votre avis

M. M. LA COMMISSION

Q Quel est à proprement parler l'ouvrage du
surintendant? R Surintendant.

PAR M. LE COMMISSAIRE.

Q Qu'est-ce que vous êtes maintenant?

R Je suis surintendant.

PAR M. TRE BEAUREGARD:

Q Depuis combien d'années êtes-vous surintendant?

R A ma présente position depuis février 1935.

Q Avant février 1935 qu'est-ce que vous faisiez?

R J'étais à Ste. Anne.

Q J'avais compris que ça faisait 16 ans que vous
étiez à Hochelaga? R Ça fait seize ans

que je suis pour le Textile.

Q Mais avec emploi dans trois usines différentes?

R Oui.

Q Vous êtes dans Hochelaga que depuis février
1935? R Comme surintendant.

Q Et avant? J'ai été trois mois là comme
assistant surintendant, après qu'on a eu fermé la
branche de Ste. Anne.

Q A Hochelaga, vous avez fait trois mois comme
assistant surintendant? R Oui.

Q Depuis lors vous êtes surintendant? R Oui,
monsieur.

Q C'est vous qui avez la direction du départe-
ment? R Oui.

Q Vous surveillez la fabrication? R Oui,
entièrement.

Q C'est sous votre contrôle? R Oui.

Q Je comprends que les contremaîtres, les boss,
les seconds boss, relèvent directement de vous,

Quel est le programme de votre entreprise?
Surtoutement?

Qu'est-ce que vous êtes maintenant?

Je suis maintenant.

PAR M. J. B. B. B. B. B.

Depuis combien d'années êtes-vous à l'entreprise?

A ma présente position depuis l'année 1935.

Avant d'être ici, qu'est-ce que vous faisiez?

J'étais à l'école.

J'avais comme ça, j'étais là, j'étais là, j'étais là.

Étiez-vous à l'école?

Je suis à l'école.

Mais avec moi, j'ai trois autres enfants.

Je suis.

Vous êtes dans l'industrie de la construction.

Comment s'appelle-t-elle?

J'ai été trois fois à l'école.

Comment s'appelle-t-elle, après ça, on a eu l'air de

brancher de l'école.

A l'école, vous avez fait trois fois l'école.

Comment s'appelle-t-elle?

Depuis là, vous êtes maintenant?

Comment s'appelle-t-elle?

Qu'est-ce que vous avez la direction de l'école?

Comment s'appelle-t-elle?

Vous surveillez la fabrication?

Entièrement.

Qu'est-ce que vous contrôlez?

Je surveille les constructions, les bois,

les matériaux, j'ai tout ça.

13459

Michaud.

que ce sont vos subordonnés? R Oui.

Q C'est de vous qu'ils prennent les instructions, leurs instructions? R Oui.

5 Q C'est vous qui gouvernez cette partie là?

R Oui.

Q Maint nant Monsieur Michaud, il a été question en votre présence, quand vous assistiez M. Ballantyne, dans la transquestions des témoins, de plusieurs questions sur lesquelles je voudrais avoir des pré-
10 cisions de votre part, dans deux au moins. On dit que les échantillons qui ont été faits par les ouvriers, non payés, autrement dit qu'on plaçait sur leurs métiers une étoffe à faire, et que dans
15 leurs salaires on ne tenait pas compte de la fabrication de ce et échantillon. Qu'est-ce qui en est?

R Dans certains cas c'est vrai et dans d'autres cas non.

Q Dans quels cas est-ce vrai et dans quels cas n'est-ce pas vrai? R Quand on tisse une
20 verge ou deux, sur un métier, il y a un tisserant qui a vingt à vingt-deux métiers, la quantité du coton tissé sur un métier là, est insignifiante, il faut qu'elle soit détachée de cette pièce là, coupée par bout, pour faire un échantillon, pour que ça
25 soit approuvé par nous au moulin, pour la pesanteur, la largeur, l'épaisseur; le croisé; ensuite une quantité est envoyé au bureau chef pour être approuvé, avant de procéder avec le métier. Ça toujours existé depuis ma connaissance, ça fait quarante-
30 quatre ans.

Witnessed

1911

que ce sont vos collaborateurs? R Oui.

Q'est de vous qu'ils prennent les instructions

leurs instructions? R Oui.

Q'est vous qui fournissez cette partie là?

Q Maintenant Monsieur Michener, il a été question

en votre présence, quand vous assistiez M. Gallen

dans la transcription des témoignages, de plusieurs

questions sur lesquelles je voudrais avoir des pré-

sions de votre part, dans deux ou trois. On dit

que les énonciations ont été faites par les

coarctés, non payés, extrêmement dit qu'on plaide

sur leurs motifs une étolfe à terre, et que dans

leurs déclarations on ne tenait pas compte de la tenu-

ration de l'énonciation. Qu'est-ce qui en est?

R Dans certains cas c'est vrai et dans d'autres

pas non.

Q Dans quels cas est-ce vrai et dans quels cas

n'est-ce pas vrai? R Quand on n'a pas une

verge ou deux, sans un métier, il y a un tissu qui

qui a vu à vingt-deux mètres, la quantité qui

coton tissé sans un métier là, est insignifiante, il

tant qu'elle soit détachée de cette pièce là, coupée

est insignifiante, sans que

soit approché par nous au moulin, pour la pesant

la quantité, l'importance de la quantité

quantité est envoyée au bureau chef pour être ap-

prouvée, avant de procéder avec le métier. Ce son-

jour existe depuis ma connaissance, et fait partie

Q Si c'est bien il y a longtemps que c'est bien
et si c'est mal il y a longtemps que c'est mal?

R C'est presque impossible de couper un morceau
de coton sur 250 verges, la tenir là, la tenir là
5 et la sortir 8 ou 10 jours après, et payer le weaver.

Q Si ce n'est payé c'est parce que c'est diffi-
cile de tenir compte de ça? R C'est presque im-
possible dans certains cas, et c'est quelque chose
qui en vaut pas la peine, ça ne vaut pas la peine
10 de prendre ça en considération pour la paye.

Q Vous déclarez que si un ouvrier travaille une
heure ou deux heures à un de ces métiers, à faire
des échantillons, ça ne vous pas la peine de le payer?

R Il bénéficie de cet échantillon là.

15 Q En quoi? R Par son ouvrage, si on ob-
tient des commandes, il aura de l'ouvrage.

Q Il devient l'associé de la compagnie? R Oui,
justement.

Q En faisant de la bonne marchandise? R Oui,
monsieur.

20 Q Qui décide de payer ou non pour tel travail,
est-ce vous ou un autre? R On fait pas
travailler aucun homme sans le payer.

Q Excepté celui là pour les échantillons?

R Il y a des échantillons qui sont payés.

25 Q Et d'autres ne le sont pas? R ...

Q Est-ce que ça dépend de vous si ce n'est pas
payé ou de quelqu'un plus élevé qu vous?

R Non, de moi.

30 Q Est-ce que ça dépend de quelqu'un de moins élevé
que vous? R Ça dépend de la coutume qui

18480

Michener

Il est bien à l'heure de l'après-midi

et il est mal à l'heure de l'après-midi

Il est impossible de donner un moment

de repos aux 250 verges, la tenir là

et la sortir à 10 jours après, et payer le travail

Si ce n'est payé c'est parce que c'est difficile

de faire payer le travail

possible dans certains cas, et c'est quelque chose

qui en vaut pas la peine, ça ne vaut pas la peine

de prendre la considération pour la paye

Vous voyez que si un ouvrier travaille une

heure ou deux heures à un de ces métiers, à faire

les machines, les machines à vapeur, les machines

Il travaille de son côté

Il est son ouvrage, si on se

tient les commandes, il aura de l'ouvrage

Il revient l'association de la compagnie

Justement

En faisant de la bonne marchandise

monnaie

Qui décide de payer ou non pour tel travail

Est-ce vous ou un autre

travailleur avec un homme sans le payer

Exemple celui là pour les constructions

Il y a des constructions qui sont payées

Est-ce que ça dépend de vous si ce n'est pas

payé ou de quelqu'un plus élevé de vous

Non, de moi

Est-ce que ça dépend de quelqu'un de moins élevé

Non, de moi

a toujours existée depuis des années.

Q Etes-vous en pouvoir de décider de payer pour des échantillons? R Oui.

Q Vous pourriez le faire si vous vouliez?

R Certainement.

Q Avez-vous déjà fait des rapports que vous faisiez faire des échantillons sans payer? R Oui, monsieur.

Q On doit comprendre que depuis 40 ans que ça dure, ce système là? R Peut être plus.

Q Quand à vous vous avez pas fait de rapports pour ça? R Non.

Q Vous êtes arrivé comme ça, et vous l'avez laissé comme ça? R Exactement.

PAR M.LE COMMISSAIRE.

Q Dans quels cas les échantillons...vous dites que dans des cas vous les payez? R Une personne qui fait seulement que des échantillons.

Les échantillons qu'on parle actuellement, ce ne sont pas les échantillons qui sont mis sur le marché pour les clients, pour annoncer la marchandise, ce sont des échantillons comme on dirait: pour approuver la pesanteur du coton, la largeur, le croisé, enfin toute la construction du matériel.

Q Ce sont des épreuves? R Oui, il faut que ça soit exact.

Q Vous dites que dans des cas ils sont payés pour faire ce travail là et dans d'autres cas ils ne sont pas payés; je voudrais savoir et je vous demande quand ils sont payés? R Quand une personne

à toujours existé depuis des années.

Q. Vous en pouvez le décider de payer pour

des échantillons?

R. Vous pouvez le faire si vous voulez.

Q. C'est tout.

R. Vous avez déjà fait des rapports sur vous-même

sur les échantillons sans payer? R. Oui.

monnaie.

Q. On doit compléter des échantillons A) et B) et

donner, ce système là? R. C'est tout.

Q. Quand à vous vous en êtes fait des rapports

pour les échantillons A) et B) sans payer.

Q. C'est tout.

R. C'est tout.

Q. Dans quels cas les échantillons... vous dites

des échantillons des pays? R. Une

personne qui fait rapport des échantillons

les échantillons du, on parle échantillons, on ne

sont pas les échantillons qui sont mis sur la table

pour les échantillons, pour annoncer la marchandise, ce

sont des échantillons comme on dit: pour échantillon

le passant du côté, la largeur, la couleur, enfin

toute la constitution du matériel.

Q. Ce sont des échantillons? R. Oui, il faut que

soit exact.

Q. Vous dites que dans ce cas ils sont payés pour

faire ce travail là et dans d'autres cas ils ne

ont pas payés; je voudrais savoir et je vous de-

mande quand ils sont payés? R. Quand on paye

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Michaud,

quand une weaveuse ou un tisserand qui tissent des échantillons spéciaux, il est payé pour ça.

PAR M^{RE} BALLANTYNE.

5 Q Vous voulez dire quand le tisserand ne tisse que des échantillons? R Oui, quand il tisse que des échantillons.

PAR M^{RE} BEAUNEGARD.

Q Quand ils travaillent que sur les échantillons vous les payez? R Oui.

10 Q Quand vous en donnez comme travail à un homme qui fait d'autre chose, vous le donnez à la compagnie? R Oui.

Q Vous avez entendu parler de la vitesse des machines. Je dois vous dire que tous les ouvriers sont sous l'impression qu'il a été donné un tour de vis aux machines, de 6, 7, 8 tours de vis. Voulez-vous nous dire si vous le savez? R C'est absolument faux, c'est une impossibilité de commander des machines, de changer la vitesse sans changer les courroies, et nous avons pas changé les courroies sur les métiers qui ont rapportés avoir été changés.

20 Q Ma question est plus générale que vous croyez. Je ne veux pas m'occuper que du témoin qui en a parlé moi, je vous demande si dans l'usine dont vous avez le contrôle, vous avez augmenté la vitesse, soit dans le filage, pour les tisserands, si vous avez augmenté la vitesse des machines? R Non.

25 Q Depuis un certain temps? R Non.

Q Depuis quand la vitesse est-elle stationnaire?

R Depuis des années.

30 Q Depuis que vous êtes entré comme assistant su-

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M. J. J. J.

grand une weverre on un tréstant del tréstant
 émentions spéciales, il est payé pour.

PAR M. J. J. J.

Vous voyez que quand le tréstant ne passe
 pas le tréstant, il est payé pour.

que les émentions ne.

PAR M. J. J. J.

Quand les tréstant sont les émentions
 vous les payez?

Quand vous en avez comme tréstant à un point
 qui fait d'autre chose, vous le donnez à la com-

série? R. Oui.

Vous avez entendu parler de la vitesse des
 le plus vite que les émentions sont payés

l'impulsion du'il a été donné au tour de vis
 émentions, de 0,5, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 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2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2

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5 rintendent ou surintendant, avez-vous constaté que la
vitesse des machines à tisser, à filer, a été
changée? R Pas à ma connaissance, dans
le filage, dans les métiers peut être quelques mé-
tiers qu'on a déménagés de Ste. Anne, 240 métiers
installés dans le No. 3, il y a quelques métiers
qui avaient pas les courroies voulues, ils allaient
plus tranquillement, on a augmenté ces quelques métiers là,
ça se montait dans les 30 à 40 métiers dans le plus,
10 quelques picks de plus pour les mettre égaux aux
autres.

Q Est-ce dans vos attributions de réglementer
la vitesse des métiers? R Oui.

15 Q Est-ce vous qui le feriez faire si on le fai-
sait, est-ce vous qui le feriez faire?

R Oui.

Q Si vous le désiriez? R Oui.

Q Est-ce vous qui donneriez les instructions de
le faire? R Oui, dans certains cotons,
20 vous êtes pas au courant, que dans certains tissages,
un métier peut aller 90 à la minutes tandis que
le même métier sur le même tissage peut augmenter
à 110, lui même.

Q Sans qu'on intervienne? R Il faut changer
25 les courroies.

Q Est-ce qu'il est arrivé de ces changements,
depuis que vous êtes là? R Peut être pas
augmenté, on a descendu, si on a fait certains
tissages sur des métiers qui demandent beaucoup
30 de proportion, on descend la vitesse du métier, mais

non pas l'augmenter.

Q Votre témoignage devant la Commission, quant à la vitesse des métiers, c'est que si des changements ont eu lieu, c'est en réduisant la vitesse sur certains métiers plutôt que de l'augmenter? R Quand ça existe, oui.

Q Sur combien de lignes est-ce que ça existe?

R Je ne peux pas dire.

Q Beaucoup? R Oui.

Q Ça arrive souvent que vous diminuez la vitesse?

R Assez souvent.

Q Dans quelle proportion? R Dans la proportion de 10%, 15%, 20%.

Q Est-ce que les changements qui sont fait sont toujours en diminuant et jamais en augmentant?

R Non, parce que si on les faisait toujours en descendant on arrêterait.

Q Vous devez en faire en augmentant? R Suivant la demande.

Q Où est la vérité, ce qui arrive, c'est que changez assez souvent, que vous ne pouvez pas dire combien de fois la vitesse a été changée, soit diminuée ou augmentée? R Augmentée, pas souvent.

PAR M^{RE} BALLANTYNE.

Q Est-ce dans le tissage que ça se fait ou dans le weaving? R Le tisse.

PAR M^{RE} M. LE COMMISSAIRE.

Le témoin Dargis qui a parlé de ça.

PAR M^{RE} BEAUREGARD:

Q Si ça arrive, vous ne savez pas combien de fois par mois? R On va dire deux ou trois

non pas l'augmenter.

Q. Avec les machines à vapeur, quand la vitesse des machines, c'est-à-dire si les changements ont eu lieu, c'est en réduisant la vitesse sur certains moteurs plutôt que de l'augmenter? R. Quand

la vitesse, oui.

Q. Sur combien de lignes est-ce que ça existe?

R. Je ne peux pas dire.

Q. Beaucoup? R. Oui.

Q. Ça arrive souvent que vous diminuez la vitesse

R. Assez souvent.

Q. Dans quelle proportion? R. Dans la proportion

de 10%, 15%, 20%.

Q. Est-ce que les changements qui sont faits sont

toujours en diminuant et jamais en augmentant?

R. Non, parce que si on les faisait toujours en

augmentant, ça n'aurait pas de sens.

Q. Vous avez vu dans les machines à vapeur

la demande.

Q. C'est la vérité, ce qui arrive, c'est que

on change assez souvent, que vous pouvez pas dire

combien de fois la vitesse a été changée, soit en

diminuant ou en augmentant.

PAR M. J. B. BELLAMY.

Q. Est-ce dans le tissage que ça se fait ou dans

les autres? R. Le tissage.

Q. C'est dans le tissage.

Q. C'est dans le tissage.

PAR M. J. B. BELLAMY.

Q. C'est dans le tissage.

Q. C'est dans le tissage.

Q Et ça affecterait combien de métier? R cela dépendra des ordres, vingt ou trente métiers.

Q En tout? R Oui.

Q Dans toute l'usine d'Hochelaga? R Oui, monsieur.

Q Deux ou trois fois dans l'année? R Oui.

Q Et une vingtaine de métiers? R Oui.

Q Qui ont leur vitesse diminuée, modifiée, d'une façon ou l'autre? R Oui.

Q Et ça ne peut pas se faire sans vos ordres et votre intervention? R Certainement que non.

Q C'est vous qui le savez? R Oui.

Q Vous savez quand il faut changer les vitesses?

R Oui, ce sont les réparateurs de métiers qui font ça, avec l'assistance des machinistes, les gens du réparation.

Q C'est à eux que vous donnez les instructions?

R Le foreman dans le département donne les instructions.

Q Et ces instructions viennent de vous? R Oui, monsieur.

Q Vous avez entendu parler ce matin et aujourd'hui, que certains ouvriers faisaient du ménage le samedi après midi, du travail pour lequel, pendant un certain temps, ils n'étaient pas payés du tout, et pour un temps, ils étaient payés par un congé, et pour lequel ils sont payés depuis le 14 novembre, 35 cts de l'heure? R Oui.

Q Vous vous êtes là depuis 1935? R Oui.

Q Qu'y a-t-il dans cette déclaration des témoins, quant au nettoyage des plafonds, des murs, le samedi

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(Michaud.

R Ils étaient pas surchargés d'ouvrage, lorsqu'il y a pas d'ouvrage pour quatre hommes il y en a cinq, lorsqu'il y en a pas pour trois hommes il y en a quatre.

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Q Alors? R Cet ouvrage là était fait ordinairement dans tous les départements, dans les autres moulins, pendant l'heure du midi, les gens qui font ça, font prendre leurs repas soit à onze heures ou à une heure, après leur dîner, durant l'heure du midi.

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Q Parlons de la preuve, j'ai pas fait cette preuve là, je veux parler de la preuve des témoins qui ont été entendus devant vous, un a dit qu'ils étaient pas payé pour faire du travail du samedi, ils étaient payés un certain temps avec un congé? R C'est justement correct ce qu'il a dit, quand il y avait pas beaucoup d'ouvrage, ils restaient la journée du samedi à travailler, ils étaient payés pour le samedi après midi pour faire l'ouvrage du nettoyage, ils prenaient une demie journée durant la semaine...

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Q Est-il vrai que vous avez gardé dans des départements un certain nombre d'hommes pour balayer, nettoyer, les murs et les plafonds, est-ce vrai?

R Ça se fait tous les samedis après midi.

25

Q Etes-vous en état de nous dire si c'est vrai qu'ils n'étaient pas payés pour ce temps là, vous savez qu'on leur donnait une demie journée plus tard? R Exactement.

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Q La paye de leur travail du samedi après midi, c'était d'avoir une demie journée libre la semaine suivante? R Oui, très bien.

(Michigan)

1846

Il y avait beaucoup de monde à l'église.

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Il y avait beaucoup de monde à l'église.

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Michaud.

Q Ils avaient leur congé la semaine suivante,
et vous ne preniez pas durant ce temps d'employés
supplémentaires pour les remplacer? R Non,
monsieur.

5 Q Et l'ouvrage que cet employé là aurait fait
dans l'après midi où il prenait congé, ses confrères
de la même fonctions étaient chargés de le faire?

R Exactement.

Q Il a dit la vérité? R Oui, mais ils étaient
pas surchargés d'ouvrage.

10 Q Qu'est-ce que vous appelez surchargé?

R Quand on engage un homme à l'heure, on peut le
faire travailler dans un coin ou dans l'autre, il
a aucune job spéciale, il doit faire n'importe quoi,
il est payé à l'heure, ce sont des hommes de services
15 que l'on prend, qui n'ont pas d'ouvrage spéciale,
le jeudi après midi on peut le renvoyer et le faire
refemir le samedi après midi.

Q Je vous demande ce que vous entendez quand vous
dites qu'ils n'étaient pas "surchargés"? R Quand
20 leur job est pas pleine comme on dit, comprenez-vous.

Q C'est pas beaucoup plus clair. Voulez-vous dire,
quand ils ont rien à faire pendant un certain temps?

R Justement.

Q Est-ce qu'il y en a sous votre contrôle, dans
25 l'usine, est-ce qu'il y en a qui sont surchargés d'ou-
vrage? R Pas beaucoup, très peu.

Q Qu'est-ce que ça veut dire? R Ça veut
dire qu'il y en a pas beaucoup, qu'il y en a pas
du tout.

30 Q Qu'il y en a pas du tout? R C'est ça.

1907

1907

Q Ils avaient leur compte à régler au moment
et vous ne pouvez pas donner ce temps d'employés
supplémentaire pour les faire travailler.

R Non.

Q Et l'ouvrage que est employé là aussi fait
dans l'après midi et il prends congé, pas d'inter-
me la même fonction étaient chargés de la faire.

R Oui.

Q Il n'y a pas de travail.

pas d'ouvrages d'ouvrages.

Q C'est-à-dire que vous appelez un ouvrier?

R Quand on engage un homme à l'œuvre, on peut le

faire travailler dans un coin ou dans l'autre, il

si on a des machines, il doit faire l'ouvrage pour

il est payé à l'heure, ce sont des hommes de services

que l'on prend, on n'ont pas d'ouvrages spéciales.

Le jeudi après midi on peut le renvoyer et la veille

retourner le samedi après midi.

Q Les vous demandez ce que vous entendez quand vous

dites qu'ils n'ont pas "autres"?

R Leur job est pas comme on dit. comprennent-ils

Q C'est pas beaucoup plus clair. Vous les voyez dire

quand ils ont rien à faire pendant un certain temps

R Justement.

Q Est-ce qu'il y en a sous votre contrôle, dans

l'usine, est-ce qu'il y en a qui sont surveillés d'o-

uvert.

Q C'est-à-dire que ça veut dire?

R Ça veut dire qu'il y a des hommes qui sont sous

le contrôle.

Q C'est-à-dire qu'il y en a pas de tout?

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Michaud.

Q D'après vous il y a pas un seul ouvrier dans Hochelaga qui soit surchargé d'ouvrage? R Oui.

Q Quand vous dites qu'un homme n'est pas surchargé d'ouvrage, c'est parce qu'il a du loisir?

R Exactement, quand même il a pas de loisir, sans loisir il peut pas être surchargé.

Q Il peut être chargé mais pas assez? R Il peut avoir assez pour ses dix heures.

Q Il peut en avoir assez pour ses dix heures, sans avoir de mauvaises pensées, mais pas trop, c'est ça?

Q Sur la charge et la surcharge dans l'ouvrage, ça dépend de vous, c'est vous qui déterminez la quantité d'ouvrage que chaque homme, dans chaque métier doit faire, c'est dans vos attributions?

R Oui, exactement.

Q Avez-vous quelque chose à faire quant à la distribution des ouvriers? R Pour la distribution des jobs, c'est fait par le bureau chef.

Q Voulez-vous dire que tous les engagements sont faits par le bureau chef? R Ils sont approuvés par le bureau chef.

Q Mais ils sont suggérés par quelqu'un, est-ce par vous? R On fait nos propositions.

Q Vous croyez qu'une chose devrait être faite, vous consulter le bureau chef? R On propose au bureau chef.

Q Si vos raisons sont favorable ça se fait?

R Oui.

Q C'est vous qui prenez l'initiative de le faire?

Q. Maintenant vous n'avez plus rien à dire sur ce point ?
R. Oui.
Q. Lorsque vous dites qu'un homme n'est pas surchargé
d'ouvrage, c'est parce qu'il a du loisir ?
R. Non, mais il a peu de loisir, mais
loisir il peut pas être surchargé.
Q. Il peut être chargé mais pas assez ?
R. Il
peut avoir assez pour ses dix heures.
Q. Il peut en avoir assez pour ses dix heures, sans
avoir de loisir, n'est-ce pas ?
R. ...
Q. Sur la charge et la surcharge dans l'ouvrage,
ça dépend de vous, c'est vous qui déterminez la
charge, n'est-ce pas ?
R. Oui, c'est dans vos attributions ?
Q. Oui, certainement.
Avez-vous quelque chose à faire dans la
matinée ?
R. Oui, c'est fait par le bureau chef.
Q. Les autres dans le bureau chef ?
R. Ils sont occupés
par le bureau chef.
Q. Mais ils sont occupés par quelqu'un, est-ce
par vous ?
R. On fait nos propositions.
Q. Vous proposez à quel moment ?
R. On propose
au bureau chef.
Q. Si vos raisons sont raisonnables, ça se fait ?
R. Oui.
Q. C'est vous qui prenez l'initiative de la faire

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M. Michaud.

R Jusqu'à un certain oui oui, mais c'est pas moi qui controle les engagements, je peux proposer pour des jobs, proposer qu'un weaver soit sur telle sorte de marchandise, et quand c'est acceptable au bureau chef, c'est sanctionné et c'est en force.

Q Est-ce vous qui nommez les contremaîtres des départements? R On les engage, oui.

Q Les contremaîtres sont tous à salaire?

R Oui.

Q Est-ce que les contremaîtres ont un budget limité, au mois, à la semaine, à l'année, à dépenser pour leur département? R Non monsieur.

Q Je vous repose la question, en cas que vous ayez pas bien compris? R Vous vous êtes mal expliqué peut être.

Q Vous tenez compte je suppose, mois par mois, ou année par année, ou trois mois par trois mois, qui sont les dates d'inventaires de la Dominion Textile, de ce que les départements ont coûté, les dépenses des départements? R Oui, suivant comment ils fonctionnent.

Q Les dépenses des départements, de chaque département son examinés tous les trois mois ou tous les six mois? R Ils sont comptés à tous les trois mois et à tous les mois.

Q C'est dans vos fonctions je crois, de surintendant, de faire observer aux différents contremaîtres que dans tel ou tel département, il y a trop de dépenses?

R Certainement.

Q Ca vous regarde? R Oui

R J'ai vu, à un certain point, mais c'est pas moi
qui contrôle les engagements, je peux proposer pour
des jobs, proposer de l'argent, et quand c'est accepté au bureau
des marchandises, et quand c'est sanctionné et c'est en force.
Q Est-ce vous qui nommez les contremaîtres des
départements? R On les engage, oui.
Q Les contremaîtres sont tous à salaire?
R Oui.
Q Est-ce que les contremaîtres ont un budget fixe
en mois, à la semaine, à l'année, à dépenser pour
leur département? R Non monsieur.
Q En fait, vous ne savez pas ce qu'ils font?
R Vous vous êtes mal
expliqués peut-être.
Q Vous tenez compte je suppose, mais par mois, par
année par année, ou trois mois par trois mois, par
sont les dates d'inventaires de la Dominion Textile
de ce que les départements ont coûté, les dépenses
fonctionnement.
Q Les dépenses des départements, de chaque départe-
ment sont examinées tous les trois mois ou tous les
six mois? R Ils sont comptés à tous les
trois mois et à tous les mois.
Q C'est dans vos fonctions je crois, de maintenir
de l'ordre dans les dépenses, il y a trop de dépenses
R Certainement.
Q Ce vous rappelle-t-il?

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Michaud.

Q Ca vous regarde? R Oui.

Q Pour établir qu'il y a trop de dépenses dans tel département, vous vous servez de votre expérience passée?

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R Ca dépend de ce que vous voulez dire Monsieur Beauregard.

Q Vous venez de le dire sous serment? R On a toutes sortes de dépenses dans les départements.

Q Ce que coûte la production du département?

R Le cout de production et de l'entretien des départements, et ce qu'on appelle les accessoires.

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Q C'est contrôlé? R C'est pas contrôlé sur le même pied.

Q Les chefs de départements sont responsables de leurs départements, pour leurs dépenses de toutes natures, et vous, vous êtes responsable de toute l'usine, pour les dépenses de toutes natures? R A un point oui.

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Q Si vous réduisez les dépenses au minimum des dépenses vous êtes un meilleur homme? R Ca dépend du cout de production et les dépenses des accessoires, huile, balais, brosses, courroies, etc.,

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Est-il à votre connaissance que les contremaitres au bout d'un trimestre savent ce que doit être le maximum de dépenses de leurs départements?

R Non, c'est impossible.

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Q Vous dites que ça n'existe pas? R
PER M. LE COMMISSAIRE.

Q Y compris les gages? R Impossible, parce qu'on sais pas combien il y aura d'ouvrage durant ces mois là.

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1907

Q. Vous venez de le dire sous serment? R. Oui.
Q. Vous avez dit que les dépenses des départements
sont toutes faites dans les départements?
R. Ce que c'est la production du département?
Q. Le coût de production et de l'entretien des de-
partements, et ce qu'on appelle les accessoires.
R. C'est contrôlé?
Q. Par le même grad.
R. Les chefs de départements sont responsables de
leurs dépenses, mais ils sont soumis au contrôle
naturel, et vous, vous êtes responsables de toute l'ac-
tion, pour les dépenses de toutes nature? R. A
point oui.
Q. Si vous réduisez les dépenses au minimum des
dépenses vous êtes un meilleur homme? R. Ce de-
pend de la nature de la dépense et de la nature des ac-
tivités, mais, généralement, oui.
Q. Est-il à votre connaissance que les connaissances
de bon d'un trimestre savent ce qu'il doit être le
trimestre de dépenses de l'année suivante?
R. C'est impossible.
Q. Vous dites que ça n'existe pas?
R. Oui.
Q. On ne sait pas combien il y aura d'ouvriers durant
les mois 12.

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Michaud.

Q Mais vous savez qu'il y a un budget dans chaque département? R Non, ça existe pas chez nous.

Q Qu'est-ce qui existe chez vous? R Ça peut pas exister.

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Q Quel moyen existe comme moyen de contrôle, de comparaison d'un trimestre à un autre de l'année précédente? R C'est le cout à la livre.

Q C'est votre base d'observation? R Sur certains ouvrages, oui.

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Q Vous comparez le cout à la livre d'une semaine, avec une semaine correspondante de l'année précédente?

R Probablement.

Q Vous le savez, est-ce oui ou non? R Il y a tant d'affaires, il y a pas moyen de l'expliquer,

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il peut y avoir une différence dans la construction du coton, qui coute plus cher à fabriquer qu'un autre.

Q Vous tenez compte de cette différence là?

R C'est très difficile de séparer tout, si on a passé par exemple durant le mois beaucoup de coton qu'on appelle du coton de fantaisie, qui a coûté plus cher que d'autre...

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Q Avez-vous un système de dire à un contremaître de département: ton département coute trop cher?

R Oui.

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Q Est-ce que vous avez déjà dit ça à un contremaître? R Certainement.

Q Est-ce que les contremaîtres, outre leur salaire fixe à la semaine, ont un bonus, un système bonus, si leur département coute tant ou tant de moins que tel prix?

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13471

My dear Sir

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Michaud.

PAR M^{RE} BALLANTYNE:

Je crois que la question ne relève pas
de la preuve qui doit être soulevée aujourd'hui.

PAR M. LE COMMISSAIRE:

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Il peut être interrogé sur n'importe quelle ques-
tion dans les cadres de la commission, on peut pas
mettre un témoin dans la boîte et lui dire de ne pas
répondre à telle ou telle chose, c'est un témoin au
fait, qui devrait savoir bien des choses.

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R Non Monsieur, ça existe pas chez nous.

Q Vous êtes positif de ça? R Oui.

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Q Il n'y a pas une marge, c'est à dire que leurs
salaires ou rémunérations, pour ne pas l'appeler
salaires, leurs rémunérations à la semaine, au mois
ou à l'année n'est pas affectée d'aucune fluctuation
à raison de leur département? R Aucune, ils
sont à salaires fixes.

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Q Que ce soit bien ou mal, si c'est bien il peut
avoir des compliments, et si c'est mal, il peut perdre
sa place, son salaire, sa rémunération, sous quelque
forme que ce soit, n'est pas sujette à des fluctuations
à raison de la bonne ou de la meilleure administra-
tion du département? R Non, c'est une affaire
que j'aimerais à faire, je ne suis pas capable.

25

Q Vous aimeriez à installer ce système là?

R Oui.

Q J'espère que le patron l'approuvera si elle est
favorable aux ouvriers, mais je la redoute, j'aime
autant qu'il la refuse. R ...

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Q Il y a un témoin qui vient d'être entendu qui
dit que son salaire a été diminué en juillet dernier,

INTERVIEW

PAR M. MRS. BILLY WYNN:

Je crois que la question ne relève pas
de la preuve qui doit être soulevée aujourd'hui.

M. MRS. BILLY WYNN:

Il est intéressant sur l'importance de la question.

Les gens les autres de la commission, on peut pas

avoir de l'avis sur la question de la commission.

Après à telle ou telle chose, c'est un témoin à

l'effet, qui devrait savoir bien des choses.

Non, Monsieur, je n'ai pas de chose à dire.

Vous n'avez rien à dire, Monsieur.

Il n'y a pas une autre, c'est à dire de la

affaires ou transactions, pour ne pas l'appeler

affaires, mais transactions à la semaine, et moi

raison de leurs édification? R. Aucune, les

affaires.

Et ce ne t bien ou mal, si c'est bien il pour

voir des compléments, et si c'est mal, il peut perdre

la vie, ou la santé, ou la réputation, ou la

forme que ce soit, n'est pas sujet à des transactions

raison de la bonne ou de la mauvaise administration

non de dépendance? R. Non, c'est une affaire

de l'administration, et non de la commission.

Vous n'avez rien à installer ou à déinstaller

oui.

L'argent que le patron l'approuve et elle ne

peut pas aux affaires, mais je la redonne, j'en

tant qu'il la refuse. R. ...

Il y a un témoin qui vient d'être entendu par

la son salaire a été diminué en fait de

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Michaud.

si j'ai bien compris il gagnait 25 cts, il a été réduit
à 23 cts et à 20 cts?

PAR M. LE COMMISSAIRE.

Il y a le témoin Dargis...

PAR M^{RE} BEAUREGARD:

Le témoin Perreault, un nettoyeur, il avait
\$11.00 par semaine.

Q Avez-vous eu connaissance que son salaire ait
été diminué en juillet dernier? R Non, il
a descendu en grade au lieu de monter, il a des-
cendi.

Q Qu'est-ce qui est arrivé? R Probablement,
qu'il était pas capable de faire l'ouvrage, ou
il faisait pas son ouvrage.

Q Connaissez-vous quelque chose à son sujet?

R Non monsieur, pas directement, seulement je
sais que dans le département du cardage, si ce
jeune homme là est pas parvenu, c'est parce qu'il
a pas essayé à parvenir à avoir un salaire plus élevé.

Q Connaissez-vous quelque chose au sujet de
ce témoin là, ou si vous répondez d'une façon
générale, je veux savoir ça de vous?

R Je ne pourrais pas dire exactement.

Q Quant à lui personnellement vous ne le savez
pas? R Non monsieur.

Q Qu'est-ce que vous voulez dire par rétrograder?

R J'ai parlé à son contremaître à propos de
ce jeune Perreault là, il m'a dit qu'il savait pas
quoi faire avec, il m'a dit que si son père était
pas employé comme gardien de nuit pour nous autres,
qu'il le garderait pas deux heures seulement.

12412

Michael.

Il n'a rien compris il s'agit de ça, il a été redoublé
23 ans et à 20 ans?

PAR M. LE COMMISSAIRE.

Il y a la même question...

Les deux questions.

Le témoin répondant, au répondeur, il avait

411.00 par semaine.

Avez-vous eu connaissance des autres personnes qui

ont travaillé au même endroit? Non, il

a travaillé en même temps au lieu de travail, il a été-

vu.

Qu'est-ce qui est arrivé? R. Probablement,

qu'il était pas capable de faire l'ouvrage ou

il faisait pas son ouvrage.

Connaissez-vous quelqu'un qui a son travail?

R. Non monsieur, pas directement, mais la

maison dans la dépendance du garage, si ce

jeune homme là est pas parvenu, c'est parce qu'il

a pas essayé à parvenir à avoir un salaire plus

Connaissez-vous quelqu'un qui a son travail de

ce travail là, ou si vous connaissez d'une façon

générale, je veux savoir, le se voir?

R. Je ne pourrais pas dire exactement.

Quant à lui personnellement vous ne le savez

pas? R. Non monsieur.

Qu'est-ce que vous savez dans les renseignements

R. J'ai parlé à son propriétaire à propos de

ce jeune homme là, il m'a dit qu'il savait pas

quoi faire avec, il m'a dit qu'il son père était

un employé comme gardien de nuit pour une maison

et qu'il ne pouvait pas faire autrement.

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2. 02 Michaud.

Q Pourquoi? R Il faut croire qu'il donne pas un bon rendement.

Q Vous ne pouvez pas jeter une parole comme ça dans le dossier, sans être capable de la soutenir par quelque chose? R Le contremaître m'a dit, a.

Q Le contremaître est-il ici? R Non.

PAR M. LE COMMISSAIRE.

A propos de Dargis, il a dit bien spécifiquement trois choses, que les machines avaient augmenté de vitesse, que lui même avait été augmenté d'ouvrage qu'il courait beaucoup plus, et que son salaire avait été réduit en taux, de 30 à 18 cts le rouleau, vous vous souvenez de ça, et que malgré la réduction il gagnait davantage maintenant.

PAR M. LE BEAU GARD.

Q Vous étiez ici quand le témoin Dargis a été entendu? R Oui.

Q Il nous a dit qu'il avait d'abord 24 métiers, et qu'il faisait un salaire de \$9.00 par semaine?

R Oui monsieur.

Q Il nous a dit qu'il avait maintenant 53 métiers dont 39 dans le plaine et 15 dans le fancy, autrement dit, plus du double de métiers, et qu'au lieu de retirer le double du salaire, il retire environ \$12.00 par semaine, au lieu de \$18.00. Êtes-vous capable de nous dire, pourquoi, en ayant le double de métiers, le double de production, il ne retire pas la proportion de salaire? R C'est parce que quand nous avons fait partir les métiers en question, il dit que le coton a été baissé, le taux du coton a été baissé.

18474

Michael

Q Pourquoi ? R Il faut croire qu'il donne
pas un bon rendement.
Q Vous ne pourriez pas jeter une parole comme ça
dans le dossier, sans être capable de la soutenir de
quelques choses ? R Le contremaître m'a dit
Le contremaître est-il ici ? Non.
PAR M. LE COMMISSAIRE.
A propos de Dargis, il a dit bien substantiellement
trois choses, que les machines avaient augmenté
de vitesse, que lui-même avait été augmenté d'ouvrage
qu'il connaît beaucoup plus, et que son salaire
avait été réduit en deux, de 30 à 18 et la non-
le au, vous vous souvenez de ça, et que malgré la
réduction il gagnait davantage maintenant.
PAR M. LE COMMISSAIRE.
Q Vous étiez ici quand le témoin Dargis a été
interrogé ?
R Il nous a dit qu'il avait d'abord vu Dargis,
et qu'il avait vu un salaire de \$4.00 par semaine ?
R Oui maintenant.
Q Il nous a dit qu'il avait maintenant vu Dargis
seul dans la cuisine et là dans le four, entre-
tant dit, plus de double de salaire, et qu'il leur
de retirer le double de salaire, il retire environ
\$14.00 par semaine, au lieu de \$4.00. Est-ce-
possible de nous dire, pourquoi, en ayant le double
de salaire, le double de production, il ne retire
pas le double de salaire ?
R Quand nous avons fait partir les machines
pour lui, il dit que le four a été allumé, la
machine a été rallumée.

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Q De 30 cts à 18 cts? R Ce sont des métiers qui étaient dans le moulin depuis des années, qui n'avaient pas fonctionné, qui avaient été acquis pour faire des serviettes, la demande des serviettes n'étant pas suffisante, on les a pas fait partir, et nous avons changé les métiers à du coton commun, quand on les a fait partir on a continué à user le même mécanisme avec dessus ce qu'il y avait pour les serviettes, ce qu'on appelle des doubles fourchettes, et un fileur, qui est un mécanisme attaché sur le métier, quand quelque chose va mal dans la trame, il arrête, le fileur arrête le métier, on a laissé ça dessus pour quelque temps, pour limer les métiers, et on a enlevé ces affaires là, et on a donné plus de métiers, c'est pourquoi les prix ont baissé.

Q Le témoin a dit que son taux avait été réduit, le témoin a dit en votre présence, que fabriquant le même tissu, sur le même métier, son taux avait été changé de 30 à 12 cts? R C'est ce que je dis, on a augmenté le nombre de métiers.

Q Il dit qu'il gagne davantage mais pas en proportion du nombre de métiers qu'il a reçu? R Non, ce n'est pas la question.

Q Pour un homme à la pièce ce n'est pas la question d'être payé suivant la production? R Non.

Q Qu'est-ce que c'est? R C'est la proportion du nombre de métiers qu'il est capable de surveiller.

Q Autrement dit, on donne à un homme sa charge, pas sa surcharge? R Oui.

Q Et puis l'on donne à cet homme un salaire que l'on croit devoir lui donner, qui ne correspond pas

De 30 ans à 18 ans?

Je suis des

l'histoire qui étaient dans le milieu des années
qui n'avaient pas fonctionné, qui avaient été
pour faire des services, la demande des services
n'étant pas suffisante, on les a pas fait partir,
nous avons obtenu les services à l'occasion comme

comme on les a fait partir on a continué à leur
même mécanisme avec des gens qui y avait pour
les services, ce qu'on appelle des services locaux
et on leur a fait un mécanisme comme ça
restent, dans les choses qui sont les mêmes,
à l'arrêt, la ligne entre la route, on a laissé
à des gens pour quelques temps, pour limiter les services
et on a enlevé ces services là, et on a donné plus
de services, c'est pourquoi les prix ont baissé.

La femme a été des services qui ont été réduits,
le même travail, les mêmes services, les mêmes
c'est de 30 à 18 ans? N. C'est ce que je dis
on a obtenu le nombre de services.

Il est qu'il y a des avantages mais pas en proportion
tion du nombre de services qu'il a reçu? N. Non
on n'est pas la même chose.
Pour un homme à la place ce n'est pas la même
d'être payé suivant la production? N. Non.

Il y a des services qui sont payés
d'être payés suivant la production? N. Non.

Autrement dit, on donne à un homme un service,
et puis il y a des services qui sont payés
d'être payés suivant la production? N. Non.

13476

Michael

pas au nombre de métier? R Son salaire est basé sur \$20.15 par semaine pour un weaver qui fait 85% à 90% de la production.

5 Q C'est le summan de ce qu'ils peuvent atteindre?

R C'est la base du salaire des tisserands, et il y en a qui font beaucoup plus.

PAR M. LE COMMISSAIRE.

Q Ce n'est pas le maximum, c'est la base?

R Oui.

10

PAR M. TRE BLAUREGARD:

Q Le salaire à la pièce n'est pas vraiment un salaire à la pièce, sauf qu'il est contrôlé par un salaire de base? R Certainement.

15

Q Maintenant au sujet des nettoyeurs, dont est M. Perreault, est-ce qu'il n'est pas vrai que tous les nettoyeurs ont été diminués de salaire, et ont rétrogradé, pas en fonction, mais en salaire?

R Si vous prenez les témoignages des gens d'Ho-chelaga, combien ont dit qu'ils avaient été baissés, parmi les nettoyeurs.

20

Q Parlons des nettoyeurs, qu'est-ce que vous appelez un nettoyeur? R C'est un nettoyeur.

Q Et il reçoit moins cher? R Quand il a du nettoyage à faire, quand il y en a pas il fait autre chose.

25

Q Il reçoit moins cher à l'heure, parce que son salaire a été descendu de 23 à 20? R C'est quand les jobs ont été redistribués ça.

Q A l'occasion d'une redistribution qui a eu lieu en juillet? R Probablement, dans le mois de juillet dernier.

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18476

Michael

Le montant de l'impôt

ont passé sur \$20.15 par semaine pour un montant de

fait 80% à 90% de la production.

Q C'est le montant de ce qu'ils peuvent atteindre

R C'est la base de calcul des dividendes, et

Y en a qui font beaucoup plus.

PAR M. BRYDIE

Ce n'est pas le maximum, c'est la base

PAR M. BRYDIE

Q Le salaire à la pièce n'est pas vraiment un

salaire à la pièce, sauf qu'il est contrôlé par

R Certainement.

Maintenant on a jeté des net opérateurs, donc on

A. Par exemple, les net opérateurs n'ont pas fait que

les nettoyeurs ont été éliminés de salaire, et on

retourne, pas en fonction, mais en salaire?

Si vous prenez les témoignages des gens d'H.

oncles, combien ont dit qu'ils avaient été payés

comme les nettoyeurs.

Q Raisons des nettoyeurs, d'est-ce que vous

Q C'est un nettoyeur?

R Il n'y a pas de nettoyeurs.

de nettoyeurs à faire, quand il y en a pas.

fait au tre chose.

Q Il reçoit moins que à l'heure, parce que

salaires a été cessé de 25 à 30% R C'est

quand les jobs ont été réduits.

Q A l'occasion d'une réduction qui a eu

lieu en juillet? R Probablement, dans

une ou deux semaines.

13477

Michaud.

Q Dans le cours de l'été? R Oui.

PAR M^{RE} BALLANTYNE:

C'est de Perrault dont vous parlez.

PAR M^{RE} BEAUREGARD.

5

Je parle de la diminution pour les nettoyeurs,
il y a eu une redistribution de l'ouvrage? R Non.Q Vous venez de le dire vous même? R Il
y a des annéex, pas cette année.

10

Q Alors si Perrault a été diminué, c'est qu'il
a été diminué seul? R Probablement, il a été
diminué avant cette année.Q Etes-vous en état de dire si c'est vrai ou faux
qu'il a été diminué de 23 à 20 cts? R Non.

Q Vous ne le savez pas? R Non.

15

-O-O-O-O-O-O-

ADVENANT 4.00 hrs, La Commission
ajourne à 4.10 hrs P.M.

-O-O-O-O-O-O-

ADVENANT 4.10 la commission continue.

20

PAR M^{RE} BALLANTYNE.Q Monsieur Michaud, quand Monsieur Beauregard vous
a parlé des vitesses des machines, je comprends que
pour les spinning frames, il y a deux vitesses
n'est-ce pas, dont une se change avec la sorte du
brin? R Exactement.

25

PAR M. LE COMMISSAIRE.

Pour le filage ça?

PAR M^{RE} BALLANTYNE.

Oui.

30

Q Pour les métiers il y a ce qu'on appelle la

12477
 M. BRYDIE
 100 BAYVIEW AVE.
 TORONTO, CANADA

Je parle de la diminution pour les nettoyeurs.
 Il y a eu une réduction de l'ouvrage? R. Non.
 Les autres de la même année?
 Les autres, par cette année.
 Alors si l'ouvrage a été diminué, c'est qu'il
 a été diminué aussi? R. Probablement, il a été
 diminué avant cette année.
 Vous en êtes sûr? R. C'est vrai ou faux
 qu'il a été diminué de 25 à 20 cts? R. Non.
 Vous ne le savez pas? R. Non.

ADJOURNEMENT 4.00 hrs. La Commission
 adjourne à 4.10 hrs P.M.

ADJOURNEMENT 4.10 la commission continue.

MONSIEUR MICHAEL, quand Monsieur Beauregard vous
 parle des vitesses des machines, je comprends que
 vous lui répondez, n'est-ce pas? R. Oui.
 Vous lui répondez, n'est-ce pas? R. Oui.

PAR M. LE COMMISSAIRE.
 Pour le fils de?
 PAR M. LE COMMISSAIRE.

13478.

Michaud.

standard qu'on peut dire? R C'est une vitesse fixe, c'est à dire fixée à un tel taux de révolutions à la minute ou de picks à la minute.

Q Pour cette question du nombre de métiers qui sont
5 données à un ouvrier, pour des styles difficiles,

je comprends que vous donnez moins de métier pour le
coton? R Certainement, plus le style est
difficile, moins de métiers ont donné au tisserand.

Q Alors restons à cette question de vitesse, si
10 un style est très difficile, est-ce que ça augmente la
vitesse du métier? R Si un style est très

difficile, d'un côté ça affecte pas la vitesse
du métier, si la construction demeure la même, vous
comprenez, c'est à dire qu'on coton qui va être fa-
15 briqué de tant de brins dans un pouce, dans la ligne,
et tant de brins dans le pouce, le warp, dans la
tissure, ~~xxx~~ est la filling, et la chaîne c'est le
warp, peut être qu'on changera la vitesse du métier,
s'il y a du coton régulier, du plain changé en fancy
nous serions obligés peut être de réduire la vitesse
20 du métier selon la construction du coton.

Q Maintenant, cette question d'échantillon,
je comprends qu'il y a deux cas généraux, il y a le
cas où il y a une fille ou un homme spécialement
chargé de faire des échantillons, c'est le premier
25 cas? R Oui.

Q Est-ce que dans ce cas là les échantillons sont
payés pour ou non? R Ils sont payés s'ils
sont faits par la personne qui est chargée de les
faire, mais durant du travail sur des métiers, en
30 faisant des échantillons sur des métiers qui sont
arrêtés dans certains sets, on donnera des échantillons
à faire au weaver, il va prendre peut être une

Minister.

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13479

(Michaud)

heure plus ou moins, la valeur de ça est insignifiante, une demi heure.

Q Si je vous comprends, dans les deux cas, vous avez une personne qui fait seulement que des échantillons, et il est payé pour? R Oui.

Q Dans l'autre cas, vous prenez un weaver sur des métiers qui sont arrêtés, et vous lui faites faire un échantillon? R Oui.

Q Dans le premier cas, ils sont payés pour faire que des échantillons?

R Plus souvent nous prenons les room girls pour faire les échantillons.

Q Dans l'autre cas, vous prenez un weaver qui a un set de vingt métiers, dont disons quatre ne marchent pas, alors si vous voulez avoir un échantillon, vous allez à cet ouvrier, qui a quatre métiers qui ne marchent pas, et vous lui demandez de faire un échantillon? R Dans des cas oui, dans des cas non, avant qu'il fasse un échantillon, sur ces métiers là, il faut premièrement poser ce qu'ils appellent un warp, ensuite il faut que les réparateurs de métiers préparent le métier pour faire l'échantillon.

Q Est-ce que le warpman est payé à l'heure?

R Oui, après que c'est fini, ça sera peut être une room girls ou pick out girl, une fille de chambre, le tisseur viendra pour faire partir le métier, il le weave pour un bout, pendant qu'il ran les autres 16 métiers sur les vingt, cette personne là aura l'oeil à ce métier là pour quelques

(Monsieur)

Je ne puis en moins, la valeur de la est inestimable.

C Si je vous comprends, dans les deux cas, vous

avez une personne qui fait ce travail des comptes

lors, et il est payé pour? R Oui.

des études qui sont arrêtées, et vous lui faites

faire un échantillon? R Oui.

Dans le premier cas, ils sont payés pour faire

des échantillons?

R Plus souvent nous prenons les deux cas pour

faire les échantillons.

Q Dans l'autre cas, vous prenez un échantillon et

un ou vingt mètres, à un dollar par mètre, ne sont

pas, mais si vous avez un échantillon, vous

allez à cet endroit, qui a quatre mètres qui ne

marchent pas, et vous lui demandez de faire un

échantillon? R Dans des cas où, dans

des cas non, avant qu'il fasse un échantillon,

un ou mètres là, il fait généralement passer un

qu'il appelle un mètre, quelque il fait des

répétitions de mètres pour le mètre pour faire

l'échantillon.

Q Est-ce que le marchand est payé à l'heure?

R Oui, après que c'est fini, la note peut être

une note qu'il a pick out girl, une fille ou

ensemble, le travail est fait pour faire partie de

mètre, il le mesure pour un bout, pendant qu'il

un les autres le mesure sur les v-nt, c'est

personne là avec l'œil à ce métier là pour faire

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13480

Michau d.

verges ou longueurs, et ceci est insignifiant en effet de paye.

Q Les échantillons qui sont faits par des tisserands, qui ont de 20 métiers, est-ce que ces échantillons font une grande partie de son travail, ce que je veux vous demander, est-ce que le tisserant qui est demandé de faire ces échantillons là, est demandé souvent dans l'année? R Non, pas très souvent, il y

en a qui sont jamais demandés, d'autres une ou deux fois par année, ça dépend, une deux fois par mois des fois du tout pendant des mois, l'échantillon c'est seulement que de temps à autres, c'est pas continu.

Q Cette question de nettoyage, ceux qui sont obligés de faire le nettoyage le samedi après midi, d'abord quelle sorte d'ouvriers font ce nettoyage? R Ce sont des hommes qui sont payés à la journée.

Q Quelle sorte de travail font-ils? R Ce sont des hommes? R Ce sont des hommes comme ceux qui retirent le coton du métier, ça prend pas toute la journée, qui enlèvent les bobines, d'autres qui nuisent, d'autres qui cleanent, on choisi, nos hommes parmi ces gens là.

Q Pour faire un bon nettoyage il faut que toutes les machines dans le département soient arrêtées?

R Je crois.

Q Maintenant ces gens qui travaillent le samedi après midi, on leur donne une après midi de congé dans la semaine? R oui, ils la prennent à leur loisir.

Q Prenons le cas que c'est le mardi que vous leur donnez congé, il arrive qu'on a besoin d'un cloth

13483

Michon &

verges ou jargonne, et ceci est insignifiant et
effet de pays.
Les étonnements qui sont dans les étonnements
qui ont de 30 mètres, est-ce que les étonnements
il n'y a pas une grande partie de son travail, se que je
vous demander, est-ce que le travail qui est
de faire des étonnements là, est demandé souvent
dans l'année? R. Non, pas très souvent, il y
en a qui sont dans les étonnements, d'autres que
ils par un, de temps, une fois par mois
ils en tout pendant des mois, l'étonnement o'est
le fait que de temps à autres, o'est pas continu.
C'est la question de nettoyage, ceux qui sont
de faire le nettoyage le samedi après midi, d'autres
quelque sorte d'ouvriers tout ce nettoyage? R. C
sont des hommes qui sont payés à la tâche.
C'est la question de travail lent-ils? R. Ce
des hommes? R. Ce sont des hommes comme ceux
travaillent la nuit, le matin, le jour.
la journée, qui élèvent les boîtes, d'autres qui
naissent, d'autres qui élèvent, on élève, non
Pour faire un bon nettoyage il faut que tout
la machine soit la même, même l'étonnement
je crois.
Maintenant ces gens qui travaillent la nuit
est-ce qu'ils ont une bonne nuit de sommeil
dans la semaine? R. Oui, ils la prennent à leur
travail.
Parce que la nuit o'est le moment où vous
travaillent, il y a une nuit à un élève

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13481

Michaud.

doiffer pour enlever des rouleaux, est-ce le tisserand
qui est obligé d'enlever ce rouleau? R Non,
monsieur.

Q Qui le fait cet ouvrage là? R Ce sont
d'autres dans le département.

Q Qui? R Ce sont des warpmen
ou doffers.

Q Des gens payés à l'heure? R Oui.

Q Pour ne pas interrompre le travail du tisserand
vous faites venir un autre pour faire l'enlèvement
du rouleau? R Oui, là dessus j'aimerais,
à faire comprendre l'adessus, que quand un rouleau
est plein jusqu'à un certain point, ça retarde pas
le tisserand, le métier peut continuer à faire le
rouleau plus gros, sans retarder son métier, ils
arrêtent pas.

PAR M. LE COMMISSAIRE.

Est-ce que la preuve est finie touchant les
ouvriers.

PAR M. TRE BEAUREGARD.

La preuve est close.

-O-O-O-O-O-O-O-O-O-O-O-O-O-O-

PAGE 13500 follows.

Qui est obligé d'enlever ce royaume ?

* T A S I E D O N

Q. And is that all business is? A. Go south

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 1, 1861. It is a copy of the original letter, and is signed by the President.

• B7d of 20

Des gens payés à l'heure? 1001

vous faites venir au centre pour faire l'entretien

IN THE COURT OF THE DISTRICT OF COLUMBIA

THE UNIVERSITY OF CHICAGO

est plein jusqu'à un certain point, le retour des

la si assicura, le migliori parti concludono e viene in

all, as it is not restricted to any one group, and is not

•B2C, 10055124

BAR MARS COMPANY 25

But we are in a position to do so.

•E'191TV.C

DATE: 10/18/2014

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13500 1011082

CHARLES V. FESSENDEN, sworn.

EXAMINED BY MR. McRUER:

Q. Mr. Fessenden, what is your occupation ?

5 A At the present time I am employed by the firm of Delany & Pettit, Toronto.

Q. What is your business ? A. My business at the present time is Assistant to the Manager of this company.

10 Q. What is the business of the company ? I want to get your qualifications ? A. Before that time I was in the consulting business in a number of different industries, taking time studies, working out base rates and generally re-organizing factories.

15 Q. Might we call you an industrial engineer ? A. Yes.

Q. You were asked by the Commission to make certain investigations in regard to the cotton mills operating in Canada and make certain comparisons with conditions under which men worked here with the conditions under which they worked in the United States ? A. Yes.

20 Q. Now, have you a report on that ? A. Yes.

Q If you will let me have a copy we will read it. Then, Mr. Fessenden's report will be Exhibit No. -- A. Excuse me, may I take that copy ? That is the one I have my latest corrections on, to date.

25 THE COMMISSIONER: It will be 1209.

30 EXHIBIT No. 1209: Report on Work Loads

Q. What is your occupation?

A. I am a bridge engineer.

Q. What is your business?

A. I am a bridge engineer.

Q. What is your business?

A. I am a bridge engineer.

Q. What is the business of the company?

A. I am a bridge engineer.

Q. What is the business of the company?

A. I am a bridge engineer.

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A. I am a bridge engineer.

and Industrial Relation
Policies Cotton Textile
Industry Canada and the
United States.

THE COMMISSIONER: It is a report on factory con-
ditions.

5 MR. McRUER: Yes, my lord; it is entitled
"Report on Canadian Cotton Textile industry, indus-
trial relations and wage payment". I think probably
that is putting it a little broadly. As I understand
it, for the purpose of this report you visited certain
10 factories in Canada; you did not attempt to visit them
all ? A. No.

Q. How many did you visit ? A. Eight mills
in Canada,

15 Q. How many did you visit in the United States.
A. Six mills.

Q. Located where ? A. Half in the South and
half in the New England States.

Q. So that as far as the mills in the States were
20 concerned you tried to get representative mills as far
as you could ? A. I tried to get the
better type of mills spread between the South and
the New England States.

Q. Now, the report proceeds as follows:

25 "After spending more than three months
visiting eight Canadian Cotton textile mills,
and studying the wide variations in policies
directly and indirectly affecting labour,
and after the long interviews which American
30 executives, textile engineers and others

and Industrial Relations
Policy Cotton Textile
Industry Canada and the
United States.

THE COMMISSIONER: It is a report on factory con-

Mr. W. H. B. Yes, my lord; it is entitled

Report on Canadian Cotton Textile Industry, Indus-
trial Relations and Wage Payments. I think probably

that is the title of the report, is it not?

It, for the purpose of this report you visited certain
factories in Canada; you did not attempt to visit the

A. No.

Q. How many did you visit?

A. Eight mills in Canada.

Q. How many did you visit in the United States?

A. Six mills.

Q. Located where?

A. Half in the New England States.

Q. So that as far as the mills in the States were

concerned you tried to get representative mills as far

as you could? A. I tried to get the

better type of mills spread between the North and

Now, the report proceeds as follows:

visiting eight Canadian Cotton Textile Mills,

and studying the wide variations in policies

directly and indirectly affecting labour,

and after the long and arduous journey

the following is a summary of the

connected with the United States Cotton textile industry were so generous in giving, I am left with one principal impression:

5 "Just as on a battlefield, where ground is held stubbornly in one place while a rapid advance is made at some other place, sometimes within rifle range, one cannot but feel the excitement of history being made, - and being made much faster than it can be recorded, or even appreciated by any one person at any one spot.

10 "So far as this investigation of the things affecting the cotton textile worker is concerned, the impression is left that beyond dispute some of the new positions have been definitely taken, and that there simply remains the straightening and consolidating of these more advanced lines.

15 "At the same time new objectives, where the advance guard are already reconnoitring, are clearly defined in the interviews with the more social minded mill executives. This summarized report does not dwell at any length with these more remote objectives, interesting as they are, but confines itself almost completely to a survey of the positions which are actually being consolidated, with particular reference to the positions held by the Canadian mills. What companies of those visited have

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connected with the United States Cotton Textile
industry were so generous in giving, I am left
with the impression that

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is held stubbornly in one place while a
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summarized report does not dwell at any length
on these new lines in detail, but outlines them
as they are, but outlines itself almost complete-
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tually being consolidated, with particular
reference to the positions held by the Canadian
mills. What companies of these wished have

labour policies in the new advanced line, and which ones apparently must adjust their policies, more or less, if the line is to be straightened ?

5 "This introduction infers that a struggle exists within the cotton textile industry. One point deserves emphasis : This is not a struggle with management and labour solidly ranged on opposite sides. The line of division runs across the ranks of management, and across the ranks of labour. Each member of the public in his role of consumer also stands ready to take up arms in defence of his own, or somebody else's, fair treatment. The sides line up as follows: 10 On the one side are those from all ranks who believe that industry on this continent should or must be deliberately directed for the balanced good of society, and who have seen and accepted the more obvious implications of this belief. 15

20 "On the other side are the various groups who act on the apparent belief that industry can be operated almost solely for the good of some or all shareholders, or solely for the good of some or all workers, or solely for the good of some or all of the public, in their role of consumers. 25

"The first side, though drawn from all walks of life, has the advantage of a common cause. Generally, the groups on the other side do not even recognize themselves as allies. They have in common however the will to get their individual objectives without thinking through to see 30

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of life, has the advantage of a more common
tendency. The groups on the other side do not
even recognize themselves as allies. They have
a common purpose, the will to act, but their
real objectives without thinking through to see

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is such are tenable. As a result they all obstruct the moves which the first side might otherwise make.

5 "As far as many company executives are concerned, there are the great number who have been so engrossed in their day by day work that they have not reached a really considered opinion on this many sided question. Of necessity they have taken some company policies as they found them, when they first learned the business, and have tried sincerely to do the fair thing on the framework of these established policies. They are honestly mystified at times as to why the worker is never satisfied, no matter how far they may go to meet his wishes on particular points about which complaints have been made."

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Then, the heading "Specific worker complaints should usually be taken as an indication of faulty labour relations policy rather than at their face value".

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"This leads directly to the second main impression gained from the investigation. The frequency with which the idea came to the front that workers are upset by one thing, but complain about another was most noticeable. To illustrate this: When the worker has no understanding of, and no articulate voice in, decisions which affect his pay and, therefore,

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frequency with which the issue came to the front
that workers are upset by one thing, but complain
about another, and not the other way around.
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standing of, and no articulate voice in,
management will affect his day and, therefore,

his whole life, he is unlikely to enjoy that feeling of worth-while endeavour which makes hard work a source of satisfaction and peace of mind. He is likely to feel himself the victim of unpredictable whims of management, akin to a squirrel in a revolving cage. That is his real complaint. Unless that is rectified, nothing else will console him. However, he does not, apparently, know what his real complaint is, any more than do some busy managements. He complains about his work assignment or his pay, which may or may not be a reasonable complaint. Whether the complaint which he voices is reasonable or not, and whether or not his request is met, he will probably go on complaining, because the real causes of irritation has not yet even been discussed."

Then, the heading "Consideration of Labour Policies is Sometimes Relatively Neglected."

"A few minutes ago we spoke about the many company executives who are so busy, or so interested in some other problems of their company, that they accept as they find them the company's policies towards labour. They probably interpret these policies fairly, and do not see what else can be expected. They may be so busy keeping their managerial moves abreast of the current progress in machines and in processing methods that they do not realize it is equally

5 necessary to study, and to keep abreast of
current progress in the management of human
beings. Things which were once accepted in
this latter respect may not be at all acceptable
to-day. In fact they may appear somewhat ridi-
culous. This was brought home to me only a
few days ago when reading 'Modern Factory System'
by R.W.C. Taylor, 'His Majesty's Inspector of
Factories, published in London in 1891. Accord-
10 ing to this book it was stated in evidence be-
fore a parliamentary committee appointed to in-
vestigate labour in the textile industry in
1832 that 'nobody but the master and the
master's son had a watch, and we did not know
15 the time. The operatives were not permitted to
have a watch. There was one man who had a watch;
it was taken from him and given into the master's
custody because he had told the men the time of
day.' This was to explain why he (the witness)
20 could not say how late he had to work at night.

"More harrowing details could be quoted
from the same source to show how drastic have
been the changes over the last hundred years, in
the treatment of factory workers. The des-
25 cription of the textile machinery of that time
sounds much nearer present conditions than does
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30 keeping up to date in their policies affecting

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workers, in relation to the importance they have placed on keeping up to date in their policies ~~affix~~ machines? From a purely business point of view the unlocking of productive energy, and the creation in the workers of a will to further the company's interests, which follows a correction of faulty industrial relations, is in many instances as impressive as the performance of an improved machine, which has been installed at considerable cost and after careful thought. More important considerations than this do, of course, bear on this question."

Then, the heading "Review of Introductory Remarks."

"These introductory remarks are a necessary background in the consideration of the findings of this report. To review this background, then, the following points have been submitted:

"1. Policies affecting labour cover a wide range in the cotton textile mills of this continent.

"2. An accepted basis for such policies is seen to be emerging, representing the influence of social minded management, sober-minded labour and the engineering approach.

"3. Where management contends that 'the more we do for the workers the more they want' the explanation may be in the phenomenon that when workers become upset in their minds because of some condition of their employment, they

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management does not do for the workers the more
they want to do for the workers, the more they want
to do for the workers."

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have a way of voicing complaints on some quite different details of work or pay. Even when these points need correcting, and are corrected, the underlying source of irritation remains.

5 "4. The methods of managing human beings are changing rapidly. In this particular industry, far reaching changes in technological methods have put a particular strain on employer-employee relations, which require that this industry above most others, should consider its industrial relations policies worthy of its best attention. Some companies do not show the same concentration and flexibility of
10 thought on this problem as they have shown in their mechanical problems of production.

15 "We go on then with the findings as to the heaviness of work loads, the history of changes in machine assignments, the history of hourly and weekly wage levels in Canadian mills, and the working conditions found there. These are points about which complaints have centred. Considering everything, it is somewhat difficult to understand the motive for these com-
20 plaints on a widespread basis, except in the light of the introductory remarks. This does not imply in any degree that complaint is unjustifiable. It is suggested that the complaints usually, are not accurately directed.

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different details of work or pay. Even when
these points need correcting, and are corrected,
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"4. The methods of managing human beings
in industry, far from being changes in technological
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"APPRAISAL OF WORK LOADS
OF SPECIFIC GROUPS OF
OPERATIVES STUDIED IN
CANADIAN MILLS."

5 "For the purpose of examining the heaviness of work loads in the Canadian textile mills visited, it was decided to deal with the spinning and weaving operations as indicative of the conditions, from the point of view of the worker, to be found at these mills. Taking these two
10 operations as typical of most of the operations in a cotton textile mill, it can be said that cotton textile operations are essentially different from the great majority of operations in other industries, in that to a substantial
15 extent, the work consists of repairing breakages, as the product is processed through automatic machines. The work, therefore, depends greatly on how frequently these breakages occur. This, in turn, depends on a combination of many different
20 factors, including the particular product being made, and many details in connection with the materials, equipment and methods of processing in the individual mill.

25 "For that reason, in order to get a direct measurement of the heaviness of any one work load involved in any specific machine assignment, it was judged that a study of the operatives actually handling the assignment in question in the mill being investigated was the
30 logical procedure. In order to have a broad

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For this reason, in order to get a direct
measurement of the heaviness of any one work
load involves a very specific machine setting.
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base made up of the largest possible number of machines and of operatives, in arriving at any measurement of the work load, it was decided to adopt a snap reading type of study. This type of study is described in the Textile Weekly, of Manchester, issue of January 1, 1936, in an article written by Mr. L. H. C. Tippet of the British Cotton Industry Research Association.

"For our purpose of measuring the heaviness of the existing work load, in the case of any one group of operatives studied, the main object was to find, -

"The percentage of each hour which the operatives had left over as 'rest time' or 'fatigue allowance' after attending to all the breaks and other operations in adequately tending their assignments of machines.

"Care was taken also to judge the speed of working of each individual operative, so that the danger of misjudging the work load through an operative working unusually slowly or unusually quickly was reduced to a minimum.

"The next step was to arrive at some standard by which the percentage of idle time so found, could be judged to be either 'below normal', 'normal' or 'above normal.'

"During our investigation in the United States a great many opinions were obtained from

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experienced government investigators, textile engineers experienced in the scientific determination of balanced machine assignments, and from executives of mills where scientific methods of machine assignments had been used.

"As further evidence on this essential point we were fortunate in obtaining from the Barnes Textile Associates actual summaries of individual time studies made in American mills."

Who are Barnes Textile Associates ? A. They are a firm of Textile engineers with head offices in Boston who have a high rating, I believe, in the cotton textile industry.

Q. What is their business ? Do they survey ? A. They are particularly cost engineers but their work extends to the calculation of balanced machine assignments and the actual installation -- re-organization of plants with up-to-date methods and balanced machine assignments.

Q. That is, their duties would be for the purpose of reorganizing plants, we will say, on a scientific basis ? A. Yes, and the taking of these time studies to measure work and to measure fatigue allowance and idle time on actual operations.

Q. "In these summaries the percentage of idle time is shown as a separate item, and so is directly comparable with the opinions expressed by American authorities, and also with the rest time as found during the Canadian studies."

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these time studies to measure work and to measure
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of the machines. "In these summaries the percentage of idle
time is shown as a separate item, and so is
shown the percentage of the total time spent
by American authorities, and also with the
rest time as found during the Canadian study."

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Now, what I want to understand is did you use what the Barnes Textile Associates gave you, the facts they gave you for the purpose of comparing the conditions in the Canadian Mills ? A. That was only one of many factors.

Q. In addition to your observations; well, you did not make time studies in American mills ?

A. We were not allowed to make some studies in the American mills .

Q. "The standards selected for the purposes of this report represent a consensus of the opinions obtained. These standards of idle time expressed as a percentage of over-all time are, -

"For spinning, 13 per cent to 14 percent idle time:

"For weaving, 16 to 17 per cent idle time.

"Judges in this way, the 13 studies made of groups of weavers in the Canadian mills mentioned above showed, -

"3 unusually light assignments,

"3 slightly light assignments,

"5 normal assignments,

"2 slightly heavy assignments."

Now, that is taking , is it, as the basis that you arrived at -- A. That is taking this basis just five lines above, "For spinning, 13 per cent to 14 percent idle time; "For weaving, 16 to 17 percent idle time."

Q. Where did you get that basis ? A. That is the consensus of opinion, Mr. McRuer. I say here

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just five times above, "For spinning, 18 per cent to
14 per cent idle time; "For weaving, 16 to 17 per cent
idle time.

.. Now, did you get that basis? A. That is
the basis of Mr. McPherson. I say here

"The standards selected for the purposes of this report represent a consensus of the opinions obtained. These standards of idle time expressed as a percentage of over-all time are for spinning, 13 per-
cent to 14 percent idle time; for weaving, 16 to
17 percent idle time".

Q. I wanted to get whose opinions the consensus of opinions; Barnes Textile Associates are mentioned as one. What other sources did you have access to ?

A. I have other sources in these books in detail.

Q. Can you say off-hand ? I want to know what class of sources they are; that is all ? A. I have the opinion of the Research Assistant to the general manager of the Crompton & Knowles Loom Works who made an investigation of a great number of facts. I have opinions from the managers of the six different mills. I have the opinion of two of the engineers of the Barnes Textile Associates. I also have the opinion of Mr. Battie, a labour leader in New Bedford, Mass.

Q. Does he agree with these figures ? A. He thinks they are slightly heavy on the worker.

Q. So then the offset, as one would say, was the employer side ? A. In my opinion it is very lenient --

Q. No, what I say is, you are giving the basis of them; what I want to get at is the offset of them was the employer side ? A. I got an estimate from the people who measured these things. The workers did not measure these things.

Q. Take the Barnes Textile Associates; they would be people that worked for employers, not for employees? A. Yes. Perhaps this would answer your question. Later on I give our own estimate of the idle time we saw to exist in the factories as we went through them.

Q. That is the ones you studied? A. We could not study them but Mr. Brodie, because of the detailed studies he took in the Canadian mills, as he walked through the American mills he could form an estimate which was of some value, and that is mentioned later.

Q. You say that Mr. Battie felt these were slightly heavy? A. He said they frankly criticized -- well, I am wrong. I beg your pardon, because what he said he frankly criticized was the allowance of 15 per cent for both spinning and weaving which had been adopted in the New Bedford Mills at the time of the re-organization of those mills about 1928.

Q. Who is Mr. Battie? A. Mr. Battie is the Secretary of the Council of the different craft unions which operate in New Bedford district.

Q. That is the different spinners' unions and the weavers? A. And loom fixers union, all the different unions. He himself is an ex-loom fixer and he is Secretary of that craft union and also secretary of all the unions collected together.

Q. Then, we go on with page 8:

"Or the 13 studies made of groups of spinners,

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unions which operate in New Bedford district.
Q. What is the difference between spinners' unions and
the weavers?
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in these same Canadian mills, -

"1 study was thrown out because excessive heat on the day of the study caused the department to be closed down by the management before the regular closing time.

"Of the remaining 12 studies, it was judged that the assignments were, -

4 slightly light;

3 normal ;

2 slightly heavy;

2 quite heavy;

1 unusually heavy.

"Each appraisal as given above was reviewed in the light of notes made by the experienced observer, Mr. Brodie, applying practical judgment to the work as he saw it being done

before his eyes. The amounts, or percentages, of patrol time and of cleaning time shown by the analysis of the studies were also reviewed individually to see that they could be reconciled with the specific duties of the group in question and with the detailed data of a similar kind obtained from our studies in the various Canadian mills, and from the studies made by textile engineers of the United States and findings given us by American mill executives on the basis of studies made in their own mills.

"The net result of our studies and analyses is that the various groups of operatives on weaving are judged to be on assignments which

REPORT ON THE STUDY OF THE STUDY

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 basis of studies made in their own mills.

"The net result of our studies and analysis
 is that the various groups of operatives of
 weaving are judged to be on assignments which

cannot be criticized as excessive and which, in some cases, based on the way the work was running at the time of the studies, could have been slightly larger, without creating an excessive work load. A normal young and active worker would, in my opinion, be prepared to work slightly harder if his efforts were sure of proper appraisal fairly reflected in an above-normal pay envelope.

"As regards the spinning, several of the assignments were judged to be somewhat lighter than normal. One group was judged to have an unusually heavy assignment of work based on the actual amount of work being done. This was the group of nine girls on warp spinning at the Wabasso Cotton Company, studied on July 20. To check this conclusion, on October 23 and 24, a second study was made on the same block of machines. This block of machines constituted about one half of the warp spinning department; so the base for our judgment was not a narrow one."

Can you tell me when you went back, when this was rechecked would it be the same operatives that would be on who were studied ? A. They are largely the same. One girl might be different.
not
I can give you that actually, but it was the same shift.

Q. The same shift ? A. Yes.

Q. "In the case of this group of spinners

cannot be criticized as excessive and which, in some cases, based on the way the work was running at the time of the studies, could have been slightly larger, without creating an excessive work load. A normal young and active worker would, in my opinion, be prepared to work slightly harder if his efforts were more of proper appraisal fairly reflected in an above-normal pay envelope.

"As regards the spinning, several of the assignments were judged to be somewhat lighter than normal. One group was judged to have an unusually heavy assignment of work based on the actual amount of work being done. This was the group of nine girls on warp spinning at the Wabasso Cotton Company, studied on July 20. To check this conclusion, on October 23 and 24, I visited their mill and saw the work being done. This block of machines constituted about one half of the warp spinning department so the base for our judgment was not a narrow one."

Can you tell me when you went back, when this was checked would it be the same operatives that were in the mill then? Largely the same. One girl might be different. I can give you that actually, but it was the same. The same shift? Yes. In the case of this group of spinners

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at Wabasso the first study on July 20 showed 4 per cent idle time, or 96 per cent working time (including patrolling)."

Now, that is 4 per cent as against what percentage that you say was the consensus of opinion to be proper ?

A. 13 to 14.

Q. 13 to 14; you have in brackets the words "including patrolling"; what does that mean ?

A. That is just to make very plain that I include patrolling as a working operation and not idle time.

Q. "The second study of the same section was spread over two days (October 23 and 24) covering one complete eight hour shift, and showed 6 percent idle time or 94 per cent working time.

As can be seen the two results are closely similar. The small amount of idle time (5.4% on a weighted average basis) was not, in our judgment, due to any slowness in the way the girls worked.

"On the contrary, we rated the working speed of these girls at the highest level of any of the groups of spinners studied. (N.B. In this method of rating the speed of working, the amount of idle time which may be observed is not a factor, The speed rating is the observer's judgment on the quickness and deftness of the operative's walking and working movements.)

In the judgment of the observer, the extra intensity of work of this group to which I have just referred was not great as compared with other groups of spinners. However, there was judged

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... the first study on July 30 showed
4 per cent idle time, or 28 per cent
time (including petting).
Now, that is 4 per cent as against that percentage
that you say was the consensus of opinion to be
... 15 to 14.
... 15 to 14; you have in brackets the words
... that mean?
... That is just to make very plain that I include
petting as a working operation and not idle time.
... "The second study of the same section was
spread over two days (October 23 and 24) covering
one complete eight hour shift, and showed 6
... as can be seen the two results are closely
... lar. The small amount of idle time (5.4% on a
weighted average basis) was not, in our judgment
due to any slowness in the way the girls worked
"On the contrary, we noted the working
speed of these girls at the highest level of
of the groups of animals studied. (N.B. In this
method of rating the speed of working, the
amount of idle time which may be observed is
not a factor. The speed rating is the observer's
...
...
... of this group to which I have just
referred was not first as compared with other
... of animals, however, ...

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to be a spread in this respect of approximately 5 per cent between this fastest group and the relatively slowest groups studied.

"Research on the point of adequate idle time may lead to a different percentage of idle time being accepted by the industry as an easily attained standard for any normal worker. It might be considered that at any rate the amount of working time per hour included in the standard time on any operation should not be so great that normal operatives of any age doing the job of work in question should suffer from cumulative fatigue. In this sense 'cumulative fatigue' refers to that type of fatigue which is not relieved by the rest between working days.

"On this important point, to throw some light on the adequacy or deficiency of the provisions for rest time in a particular spinning or a particular weaving department, an analysis of earning power of female operatives at varying ages was made.

"At the Merchants Branch of the Dominion Textile Company the pay rolls for a two-week period were examined and the earnings of female weavers were analyzed from the point of view of age of operatives. The result can be summarized as follows:

WEAVERS.

13521

Tessenden

WEAVERS.

No. of Oper- atives, (fe- male)	Age Group.	Average age	Average ear- nings per hour on piece work.
10	20-23 yrs.	22	.542
11	24-30	28	.352
10	31-36	34	.357
5	37-43	39	.366
4	44-50	46	.370

"For spinners at the same mill a similar analysis was made. After an adjustment, which is explained in detail in the body of the report, necessitated by a special condition as to varying earnings in the four different spinning departments, the following conclusion was reached :-

SPINNERS.

No. of Oper- atives.	Age group	Average age	Earnings of age group above or below ge- neral aver- age for all spinners in this mill.
8	20-23 yrs.	22	3.7% below av.
8	24-30	27	1.5 above "
9	31-36	33	3.2 " "
3	37-43	41	5.1 " "
7	44 and up	49	0.4 " "

How were these selected ? For instance, in the eight of the 22 year class -- A. It is a break up of the complete lot of spinners. Everybody is included, all female spinners.

Q. You say eight 22-years of age ? A. Yes, eight in the age group of 20 to 23.

Q. This total number here is including the whole group ? A. Oh yes.

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Q. "In addition to the obvious upward tendency of earnings, and therefore presumably of ability to handle the customary assignments in this mill, it is of interest to note the number of female operatives in the older age groups. In the spinning departments 10 operatives were older than 36, as compared with 25 operatives younger than 36. The 7 oldest female spinners averaged 49 years of age."

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How many would be in the group all together? A. 35.

Q. That is in the whole spinning mill?

A. In the whole spinning, female spinners, I left out the men.

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Q. Yes.

"In the weaving department 9 operatives were older than 36 as against 31 operatives younger than 36. The nine oldest female weavers averaged 42 years of age, the oldest being 49."

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Would there be any reason why the ages appear to be younger in the weaving department than in the spinning? A. Purely an instance of a small example of something. I don't think there is any reason that can be given at all.

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Q. You say "In the weaving department 9 operatives were older than 36 as against 31 operatives younger than 36". Does that mean there would be only 40 in the whole weaving department? A. Yes, 40 female weavers.

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Q. "The figures given above are on too small a base to be considered as anything but a random observation. It can, however,

"In addition to the obvious upward tendency of a bridge, and therefore presumably of ability to handle the customary assignments in this mill, it is of interest to note the number of female operatives in the older age groups. In the spinning department 10 operatives were older than 35, as compared with 25 operatives younger than 35. The 7 oldest female spinners averaged 43 years of age."

How many would be in the group all together? A. 33. That is in the whole spinning mill? A. In the whole spinning, female spinners, I left out the men.

Yes.

"In the weaving department 8 operatives older than 35 as against 31 operatives younger than 35. The nine oldest female weavers averaged 43 years of age, the oldest being 49."

Would there be any reason why the ages appear to be younger in the weaving department than in the spinning? Surely an instance of a small number of something. I don't think there is any reason that can be given at all.

A. You say "In the weaving department 8 operatives were older than 35 as against 31 operatives younger than 35". Does that mean there would be only 40 in the whole weaving department? A. Yes.

THE END

"The right to be considered as anything but

be stated that generally speaking in American and Canadian mills a reasonable proportion of operatives from 45 to 50, and in instances up to 70 years of age, were observed to be handling normal assignments in those mills without apparent over-exertion.

"So far as spinning departments in Canada are concerned, it was observed that operatives in the older groups were found more rarely. The analysis, however, given above as to ages of spinners at the Merchants Branch shows that this tendency towards younger spinning operatives has its exceptions. There were noticeable individual exceptions in other mills.

"The general conclusion reached is that when idle time is in the neighbourhood of 16 or 17 percent on either spinning or weaving, the assignment cannot be criticized as what is popularly termed a killing load.

"It must always be kept in mind that the heaviness of a work load depends on two factors, the machine assignment and the conditions existing in the individual mill. No assignment in terms of a given number of machines per operative can be judged except in the light of specific conditions at the mill in question."

You mean there, I presume, atmospheric conditions, lighting conditions and all that sort of thing ?

be stated that generally speaking in American and Canadian mills a reasonable proportion of operatives from 25 to 30 and in instances up to 35 years of age, observed to be handling normal assignments in these mills without apparent over-exertion. As far as spinning departments in Canada are concerned, it was observed that operatives in the older groups were found more rarely. The analysis, however, given as to ages of operatives at the Merchants Branch shows that this tendency towards younger spinning operatives has its exceptions. There were noticeable individual exceptions in other mills.

"The general conclusion reached is when idle time in the neighbourhood of 16 or 17 percent on either spinning or weaving the assignment cannot be criticized as popularly termed a killing load.

"It must always be kept in mind that heaviness of a work load depends on two factors, the machine assignment and the conditions existing in the individual mill. No assignment in terms of a given number of machines per operative can be judged excessive in the light of specific conditions at the mill in question."

... conditions and all that sort of thing?

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A. The way the machinery is kept up, the type of machinery; there are very many factors which make that statement true.

Q. Now then, you have a table "Level of Wages Canadian and American Mills." Where did you get your information to make up this table, Mr. Fessenden?

A. I got it from American Government figures and from figures from the Association of Cotton Manufacturers in the States. They have two associations as well as the Cotton Institute.

Q. Now, you divide it into the Northern United States mills and the Southern United States mills?

A. Yes. My lord, I have added some figures here in ink from data that I only got to-day. Shall I give those to Mr. McRuer, or shall I read it myself.

THE COMMISSIONER: What is that? A. These are figures I added to-day in ink from data only just received.

BY MR. McRUER: Q. I think they are on this sheet, are they not? A. Oh, I believe they are in that sheet, yes.

Q. Northern United States mills for male and female weavers the rate is 43.9 cents per hour --

THE COMMISSIONER: 43.9?

MR. McRUER: 43.9 cents per hour; the standard 40-hour week return is \$17.56. You say "Actual as present per 37 1/2 hour week \$16.46". What do you mean by that 37 1/2 hour week?

A. That is what I am told by the people who follow statistics, that is, these Cotton Manufacturers Associations, they

A. The way the machinery is kept up, the type of

machinery; there are very many factors which make

that statement true.

Now then, you have a table "level of wages

information to make up this table, Mr. Rosenfield?

A. I got it from American Government figures and the

figures from the association of cotton manufacturers

the States. They have two associations as well as the

Cotton Institute.

Now, you divide it into the Northern United

States mills and the Southern United States mills?

A. Yes. My lord, I have added some figures here in

ink from data that I only got to-day. Shall I give

those to Mr. McNair, or shall I read it myself.

THE COMMISSIONER: What is that? A. These are

figures I added to-day in ink from data only just

received.

BY MR. McNair: A. I think they are on this sheet

are they not? A. Oh, I believe they are in that

sheet, yes.

6. Northern United States mills for male and

female weavers the rate is 48.9 cents per hour --

THE COMMISSIONER: A. Yes.

MR. McNair: 48.9 cents per hour; the standard

40-hour week return is \$17.56. You say "Actual

as present for 37 1/2 hour week \$16.46". What do you

mean by that 37 1/2 hour week?

A. That is

that is, that is the people who follow statistics,

tell me that the present actual week is running between 37 and 38 hours per week.

Q. That is what they are working, the number of hours? A. The average actual pay roll is 37 1/2 hours for the individual operative.

BY MR. HEWARD: Q. Is that short time or double shift or what? A. That is 37 1/2 hours for a 40 hour shift. They usually run two shifts, supposedly 40 hour shifts, but the actual operator when it is all worked out averages 37 1/2 hours pay.

Q. That is on account of short time? A. On account of short time, and the mill may be running 40 hours but the operatives -- all of them would not be there all the time.

BY THE COMMISSIONER: Q. That produces \$16.40, does it? A. \$16.40 my lord.

BY MR. McRUER: Q. In the Southern mills the rate appears to be 39.4 cents per hour and for the 40 hour week 15.76 cents? A. \$15.76.

A. \$15.76, and on the 37 1/2 hour week \$14.78. Now, "as compared to this, weaving earnings in Canadian mills visited were: Hochelaga 31.9 cents per hour, 55 hour week, \$17.55, actual week 39.3 hours, \$12.54". Now, how do you get the figure for the actual week? A. 39.3 hours is the actual calculation of the average hours paid per operative over the last fiscal year for the weavers at Hochelaga mills.

Q. I see, so that the weavers have on an average worked 39.4 hours per week? A. 39.3 hours.

tell me that the present actual week is running bet-
ween 37 and 38 hours per week.
... That is what they are working, the number of
hours? A. The average actual pay week is 37 1/2
hours for the individual operative.
BY MR. MOORE: Is that short time or double
shift or what? A. That is 37 1/2 hours for
a 40 hour shift. They usually run two shifts, some-
times 40 hour shifts, but the actual operator when
it is all worked out averages 37 1/2 hours pay.
Q. That is on account of short time? A. On
account of short time, and the mill may be running
40 hours but the operatives -- all of them would not
be there all the time.
BY MR. MOORE: A. In the Northern mills the
rate seems to be 30.4 cents per hour and for the
40 hour week is 12.16 cents? A. 12.16.
... 12.16, and on the 37 1/2 hour week \$14.76.
Now, "as compared to this, working earnings in some-
other mills visited were: Rochester 31.9 cents per
hour, 36 hour week, \$17.55, actual week 36.8 hours,
\$13.54. Now, how do you get the figure for the ac-
tual week? A. 36.8 hours is the actual
indication of the average hours paid per operative
...
I see, so that the workers have on an aver-
age worked 36.4 hours per week? A. 36.4 hours

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Q. 39.3 hours per week, and they would receive for that \$12.54 ? A. That is the average for the last fiscal year ending 31st March, 1936.

Q. That is as against \$17.56 -- A. No, Mr. McRuer, as against -- you are comparing the actual week with the standard week.

Q. One is 39.3 hours ? A. Yes.

Q. And the other was a 40-hour week ? A. Well, why compare an actual week with a standard week.

BY THE COMMISSIONER: Q. You say 39.3 is the actual week in Canada producing \$12.54, and that \$17.56 would be the production of the standard 40-hour week in the Northern United States, but that week does not exist and the actual week is 37 1/2 hours ?

MR. McRUER: But the amount that he is paid --

THE COMMISSIONER: \$16.46

BY MR. McRUER: Q. The amount he is paid for 39.3 hours in Canada is \$12.54 and for 40 hours in the United States \$17.56 ? A. Mr. McRuer if you want to compare it hour by hour, why not compare the hourly rates ? Why compare an actual week with a standard week even if they are somewhat similar.

Q. It is just a little easier for a layman to grasp ? A. The hourly rate is there, 43.9 cents per hour.

Q. I know, but sometimes hourly rates are very hard for us to work at ? A. It is deceiving --

... 32.8 hours per week, and they would receive
for that \$13.54? A. That is the average for
the last fiscal year ending 31st March, 1935.
... That is as against \$14.55 -- 10, 11.
... as against -- you are comparing the actual
week with the standard week.
... One is 32.8 hours? A. Yes.
... And the other was a 32-hour week? A. Yes.
... why compare an actual week with a standard week.
BY THE COMMISSIONER: Q. You say 32.8 is the
actual week in Canada producing \$13.54, and that
\$14.55 would be the production of the standard 40
hour week in the Northern United States, but that
week does not exist and the normal week is 37 1/2
hours?
A. No, sir; but the amount that he is paid --
BY MR. ROBERTS: Q. The amount he is paid for
32.8 hours in Canada is \$13.54 and for 40 hours in
the United States \$14.55?
A. Yes, sir.
if you want to compare it hour by hour, why not com-
pare the hourly rates? Why compare an actual rate
with a standard week even if they are somewhat
similar.
A. It is just a little easier for a layman to
grasp? A. The hourly rate is there, 45.8 cents
per hour.
... I know, but sometimes hourly rates are not
... it is because?

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I beg your pardon, I think it is misleading to compare what is paid for an actual week with what is paid for a standard week.

5 THE COMMISSIONER: It won't mislead me as long as I have all the figures. If I had that alone it might. 43.9 is in cents per hour; what is it for Hochelaga?

A. For Hochelaga ?

Q. Yes ? A. Hochelaga, the actual week is 39.3 hours --

10 Q. No, in cents ? A. 31.9 cents.

BY MR. McRUER: Q. The rate at Hochelaga is 31.9 cents per hour as against 43.9 cents per hour in the North and 39.4 cents per hour in the South; that is right, isn't it ?

15 MR. HEWARD : The rate for a full pay in Hochelaga is \$17.55 as against how much in the South for a full pay ?

MR. McRUER: You cannot compare a full pay of 55 hours as against a full pay of 40 hours.

20 MR. HEWARD: Yes, it is their weekly pay. They happen to work more here. That is how much they get per week.

MR. McRUER: I don't see how you can compare it.

25 THE COMMISSIONER: I say as long as I have all the elements of the comparison it is all right.

MR. McRUER: I was wanting to compare a week of 39.3 hours with a week of 40 hours, but when you start comparing a 55 hour week and a 40 hour week it is a different thing.

30 MR. HEWARD: It is a question of how much they

get a week to live on. Mr. Beauregard stressed that several times.

5 THE WITNESS: There are these comparisons. There is the hourly rate, the rate for the full week and the rate for the actual week.

MR. McRUER: What I would like to compare is the number of hours -- what they would get in Canada for working 40 hours against working 40 hours in the States.

10 THE COMMISSIONER: The only way to settle this, Mr. McRuer, is that you can work out your own comparison and Mr. Heward will work out his. I will have the general benefit. There are lots of figures there.

15 BY MR. McRUER: Q. Now, the Merchants mill is located where, Mr. Fessenden? A. In Montreal.

Q. Where is the Hochelaga mill? A. In Montreal.

Q. It is in a suburb of Montreal? I was wondering why --

20 MR. HEWARD: Hochelaga isn't a suburb.

MR. GORDON: Hochelaga mill is on Notre Dame Street.

MR. McRUER: That is right in Montreal.

25 MR. GORDON: Yes, just past the brewery.

MR. McRUER: I was wondering if that was the reason you paid them less, near the brewery. The weavers at the Hochelaga mill apparently got 31.9 cents an hour as against 36.2 cents an hour at the Merchants mill? A. Yes.

get a word or two out of him, but I haven't been able to.

THEY SAY HE'S DEAD.

THEY SAY HE'S DEAD: There are these comparisons. It is the hourly rate, the rate for the full week and the rate for the actual week.

MR. MONTGOMERY: What I would like to compare is the number of hours -- what they would get in Canada working 40 hours against working 40 hours in the

THEY SAY HE'S DEAD: The only way to settle this is to go to the source and find out what the facts are.

THEY SAY HE'S DEAD: There are lots of figures in the general benefit. Now, the merchants will be

located where, Mr. Resseguie? A. In Montreal. Where is the Hochelaga mill? A. In Montreal.

It is in a suburb of Montreal? I was wondering why --

MR. MONTGOMERY: That's all right.

MR. MONTGOMERY: Hochelaga mill is on Notre Dame Street.

MR. MONTGOMERY: That is right in Montreal.

MR. MONTGOMERY: Yes, just past the brewery.

I was wondering if that was the reason you said that, was the brewery.

THEY SAY HE'S DEAD: The Hochelaga mill is in the city of Montreal.

MR. MONTGOMERY: That is all.

THE COMMISSIONER: Pardon me, the Merchants mill is a Dominion Textile mill ?

MR. McRUER: Yes.

5 MR. GORDON: Yes, it is on the canal bank in St. Henri which is part of Montreal.

BY MR. McRUER: Q. Did you make studies in both these mills ? A. Mr. Brodie made the actual time studies.

Q. In both mills ? A. Yes.

10 Q. Was there any difference in the working conditions in the two mills ? A. Yes, that is referred to later.

Q. I see; anything that would explain the difference in the rate of pay ? A. That is explained later, Mr. McRuer.

Q. At Montmorency the rate is 34.3 --

MR. HEWARD: You have not read Merchants.

MR. McRUER: Merchants is \$19.91 for the 55 hour week and for the 40.3 hours \$14.59.

20 BY THE COMMISSIONER: Q. There is just one thing I did not get there; \$19.91 is for how many hours ? A. 55 hours.

BY MR. McRUER: Q. 55 hours; well, the 40.3 hours, we can easily reduce that, we can reduce the 14.59 cents ? A. \$14.59.

Q. We can reduce that ? A. It is reduced to an hourly basis, if that is what you mean, 36.2 cents.

30 Q. I want to reduce it to a 40 hour basis so as to compare it with the 40 hour standard week in the

Q. Now, the Commission; I mean, the Commission will
be a Commission on the part of the Government.
A. Yes.
Q. Now, it is on the canal bank in
St. Henri which is part of the canal.
A. Yes.
Q. Now, did you make studies in both
St. Henri and the other?
A. Mr. Rodie made the actual
study.
Q. In both mills?
A. Yes.
Q. Was there any difference in the working
conditions in the two mills?
A. Yes.
Q. That is referred to later.
A. I see; anything that would explain the difference
in the rate of pay?
A. That is explained later, Mr. Member.
Q. At the moment, the rate is \$4.3 --
A. Yes; You have not read the report.
Q. Now, the Commission is \$12.91 for the 35 hours
week and for the 40.3 hours \$14.59.
Q. BY THE COMMISSION: A. There is just one
thing I did not get there; \$12.91 is for 35 hours
hours? A. 35 hours.
Q. BY THE COMMISSION: A. 35 hours; well, the 40.3
hours, we can easily reduce that, we can reduce it
to \$14.59.
Q. A. It is reduced.
Q. Now, reduce that?
A. Yes, to an hourly basis, if that is what you mean, \$3.3
cents.
Q. Now, to reduce it to a 40 hour basis so
it would be with the 40 hour standard week in 1911

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United States .

MR. GORDON: It would be practically 14.50.

THE WITNESS: \$14.48.

MR. McRUER: \$14.48, and the standard 40 hour week in the North in the United States is \$17.56 and in the South \$15.76, that is, if they work the full standard week. Montmorency hourly rate is 34.3 cents. The 55 hour rate is \$18.87 and the average week there is 44.8 cents ? A. 44.8 hours.

Q. 44.8 hours with \$15.37 a week. Sherbrooke, the hourly rate is 30 cents, the 55 hour week \$16.50 and the average hours worked there 46.3 with \$13.89 a week. Now, what period did you say this average was taken over for 46.3 hours ? A. The fiscal year ending March 31st, 1936.

Q. I see, so that is the full yearly period ? A. That is a full year average.

Q. Now, in Wabasso the rate is 27.2 cents per hour. The full week is 42 hours for girls with \$11.42 and men 48 hours with \$13.06. You have no figures there as to what their average week was ? A. No, they have only recently gone on this shorter week, and there is no history to go by as to the way it is going to work out in hours per actual week, but of course, it will be something less than the full week.

Q. In the Ontario mill -- what mill was that ?

A. The Canadian Cotton Mill in Hamilton.

Q. The hourly wage there was 34.8 cents with a 50 hour week which would be a weekly wage of \$17.40.

MR. GORDON: It would be practically 14.50.

THE WITNESS: \$14.48.

MR. MONTGOMERY: \$14.48, and the standard 40 hour

week is the basis of the standard 40 hour

in the South \$15.78, that is, if they work the 40

hours week.

The 55 hour rate is \$18.87 and the average week is

18.44.8 cents?

A. 44.8 hours.

MR. MONTGOMERY: \$18.87 a week. Sherbrooke

the hourly rate is 30 cents, the 55 hour week

\$18.50 and the average hours worked there 44.5

\$18.89 a week. Now, what period did you say this

average was taken over for 44.8 hours?

A. That is the full yearly period?

A. That is a full year average.

Now, in Quebec the rate is 27.3 cents per

hour. The full week is 48 hours for girls with

\$17.48 and men 48 hours with \$18.00. You have no

figures there as to what their average week was?

A. No, they have only recently come on this standard

week, and there is no history to go by as to the

way it is going to work out in hours per actual week

but of course, it will be something less than the

full week.

Is the standard 40 hour week still in effect?

MR. MONTGOMERY: Yes, in Hamilton.

A. The hourly rate there was 34.8 cents with a

week which would be a weekly wage of \$19.40

The average week there was 32.2 hours with \$11.21. Hamilton Cottons, the hourly rate is 32.7 cents, a 50 hour week with a pay of \$16.35. The average week was 36. hours with \$11.77. Now, you have a note opposite that, "Only 6 girls on this weaving operation."

A. Hamilton Cottons have a very small weaving department, only six girls.

BY THE COMMISSIONER: Q. No men? A. No men, and no more girls, just a small number of looms.

BY MR. McRUER: A. In spinning in the Northern United States male and female spinners 33.8 cents per hour; for the 40 hour week \$15.52 --

THE COMMISSIONER: How much?

MR. McRUER: \$15.52, my lord, and for the 37 1/2 hour week \$14.55. Southern United States the rate per hour is 32.2 cents, \$12.88 for the full 40 hour week or \$12.08 for the 37 1/2 hour week. Now, "As compared to this spinners in the Canadian mills visited showed the following earnings: Hochelaga .295 per hour" --

THE COMMISSIONER: Just a minute.

MR. HEWARD: 29 1/2 cents.

MR. McRUER: 29 1/2 cents, and for the 55 hour week \$16.23. The actual week's pay for 28.8 hours is \$8.50. Merchants mill .273 cents per hour, or 27.3 cents. -- A. 27.3 cents per hour.

Q. It is really .273 dollars. For the 55 hour week \$15.02 for full pay and the average week's pay 43.4 hours, was \$11.85. The Montmorency mill the rate per hour is 26.1 cents, the 55 hour week

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the average week there was 38.3 hours with \$11.21.
 Hamilton Cottons, the hourly rate is 32.7 cents, a
 50 hour week with a pay of \$16.35. The average was
 was 36. hours with \$11.77. Now, you have a note
 opposite that, "Only 6 girls on this weaving opera-
 a. Hamilton Cottons have a very small weaving de-
 partment, only six girls.
 BY THE COMMISSIONER: No men? No men?
 and no more girls, just a small number of looms.
 BY MR. BRIDIE: In spinning in the Northern
 United States male and female spinners 38.8 cents
 per hour; for the 40 hour week \$15.52 —
 Mr. BRIDIE: 15.52, my lord, and for the 37 1/2
 hour week \$14.35. Southern United States the rate
 per hour is 36.2 cents, \$13.95 for the full 40 hour
 week or \$12.08 for the 37 1/2 hour week. Now, "as
 compared to this spinners in the Canadian mills this
 showed the following earnings: Hochelaga. 35.5 per
 THE COMMISSIONER: Just a minute.
 Mr. BRIDIE: 35 1/2 cents.
 Mr. BRIDIE: 32 1/2 cents, and for the 35 hour
 week \$11.44. The lowest rate's pay for the 35 hour
 week is 31.5 cents, \$11.03 for the 37 1/2 hour week.
 It is really 37.5 dollars. For the 35
 hour week \$15.03 for full pay and the average work-
 ing men's pay is \$11.52.

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\$14.36, and a week's pay for 44.7 hours \$11.67.

Sherbrooke 24.1 cents, the pay for the 55 hour week

\$13.26, actual week's pay for 37.8 hours \$9.11.

Wabasso 24.6 cents for girls, 42 hours \$10.33; 27.3

for men, 48 hours, \$13.10. Apparently the girls

are not paid at the same rate as the men?

A. That seems to be rather a slip up in the way they

did it. I believe they intend to pay the men the

same as the girls and they do on the weaving, but in

preparing their list they explained that inadvertently

almost they had the higher hourly rate shown for the

men before they really realized it, and what they do

now is as far as possible to have men on the night

shift, getting the higher rate, but having once

published the list they still pay that higher rate

even if they work in the day time, although that was

not the principle they meant to follow.

BY THE COMMISSIONER: Q. Women are not allowed

to work on night shifts? A. No, my lord.

BY MR. McRUER: Q. At any rate, the girls

work in the day time did exactly the same work as

the men? A. Yes.

Q. But do not get the same rate of pay.

BY THE COMMISSIONER: Q. What is the dif-

ference in the rates? A. I think two and

a half cents in the actual difference for the same

work between men and girls.

Q. How long has that been going on?

A. I think these rates have only been in effect

... 24.1 cents, the pay for the 35 hour week
... actual week's pay for 37.8 hours \$9.11.
... 24.6 cents for girls, 48 hours \$10.35; 37.8
for men, 48 hours, \$13.10. Apparently the girls
are not paid at the same rate as the men?
A. That seems to be rather a slip up in the way they
did it. I believe they intend to pay the men the
same as the girls and they do on the weaving, but I
preparing their list they explained that in the
almost they had the higher hourly rate shown for the
men before they really realized it, and what they
now is as far as possible to have men on the night
shift, getting the higher rate, but having once
published the list they still pay that higher rate
even if they work in the day time, although that was
not the principle they meant to follow.
BY THE COMMISSIONER: Q. Women are not all
to work on night shifts?
A. No, my lord.
BY MR. McRURR: Q. At any rate, the girls
work in the day time did exactly the same work as
the men?
A. Yes.
Q. But do not get the same rate of pay.
BY THE COMMISSIONER: Q. What is the difference
in the rates?
A. I think two or
a half cents in the actual difference for the same
work.
Q. How long has that been going on?

a few months, my lord, since they went on the shorter week.

5 BY MR McRUER: Q. You say they have only been in effect a few months? Was there a change in the rates since last March?

A. I believe they changed their rates at the time they changed from a long week to a short week. I did not get very much in the way of history.

10 BY THE COMMISSIONER: Q. Did you understand the intention was to give the men less and not to give the women more, and that some mistake was made?

A. No, the intention was to give the men and the girls the same.

15 Q. Which same, which figure, what the men are getting now? A. Oh, the lower rates.

Q. What the women are getting? A. Yes.

Q. In that case the men would have got less?

A. That is what I understand, my lord, yes.

20 BY MR. McRUER: Q. Ontario Mill the rate per hour is 28.3 cents, 50 hour week \$14.15, 42.8 hours in the actual week making \$12.11. Hamilton Cottons 29.6 cents per hour, 50 hour week \$14.80, the actual week 49.2 hours \$13.92. York Knitting, the rate is 35.7 cents an hour, 50 hour week \$17.85, the actual week 49.2 hours \$17.56. Now, York Knitting seems to be very much higher than any of the others? A. That is explained later on, Mr. McRuer, as to just why that happens.

30 Q. Were they doing similar work to the employees in the other mills? A. The operation was

a few months, my lord, since they went on the short week.

BY MR. McHUGH: Q. You say they have only been in effect a few months? Was there a change in the rates since last March? A. I believe

changed their rates at the time they changed from a long week to a short week. I did not get very much in the way of history.

BY THE COMMISSIONER: Q. Did you understand the intention was to give the men less and not to give the women more, and that some mistake was made? A. No, the intention was to give the men and the girls the same.

Q. Which came, which fighting, what the men are getting now? A. Oh, the lower rates.

Q. What the women are getting? A. Yes. Q. In that case the men would have got less? A. That is what I understand, my lord, yes.

BY MR. McHUGH: Q. Ontario Mill the rate per hour is 22.5 cents, 50 hour week \$11.25, 42.5 hours in actual week making \$12.11. Hamilton Cottons 22.5 cents per hour, 50 hour week \$11.25, the actual week 42.5 hours \$12.92. York Knitting, the rate is

35.7 cents an hour, 50 hour week \$17.85, the actual week 42.5 hours \$17.50. Now, York Knitting seems to be very much higher than any of the others? A. It

is explained later on, Mr. McHugh, as to just why that happens.

Q. Were they doing similar work to the employees in the other mills? A. The operation was

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quite similar.

Q. Then, we go on to "Level of Wages - Canadian and American Mills, Doffers". In the United States the rate in the North is 43.2 cents per hour and the weekly rate is \$17.28.

THE COMMISSIONER: The weekly rate ?

MR. McRUER: That is the weekly rate for the 40 hour week, my lord. For the 37 1/2 hour week \$16.20. In the South the hourly rate is 34.9 cents per hour and the weekly rate for the 40 hour week \$13.96. The 37 1/2 hour week is \$13.09.

"There are no female doffers in the south but in the New England States about 25% of the doffers are girls or women."

In the northern United States female doffers get 35.9 cents per hour. The 40 hour week \$14.36 and for the 37 1/2 hour week \$13.46. Now, are those average rates or fixed rates ? Do the doffers work on piece work in the United States ? A. As a rule on piece work, Mr. McRuier.

Q. So these would be average earnings ?

A. These are average earnings for all doffers in northern United States. It is the accumulation of all the figures.

Q. "These doffers in the States are usually mature people while in some of the Canadian mills much younger boys and girls are employed for this work."

Can you tell me this, why would there be a difference between female doffers in the north and male doffers

THE QUESTION

Q. Then, we go on to "Level of Wages - Canadian and American Mills, Diggers". In the United States the rate in the North is 45.8 cents per hour and the weekly rate is \$17.88.

THE COMPARISON: The weekly rate is

MR. MURDER: That is the weekly rate for the 40 hour week, my lord. For the 37 1/2 hour week \$16.20. In the South the hourly rate is 34.9 cents per hour and the weekly rate for the 40 hour week is \$13.96. The 37 1/2 hour week is \$13.00.

There are no female diggers in the South but in the New England States about 25% of the diggers are girls or women.

Q. Now, let us turn to the 37 1/2 hour week. The 40 hour week \$17.88 and for the 37 1/2 hour week \$13.48. Now, are those average rates or fixed rates? No the diggers work on piece work in the United States? A. Yes.

Q. So these would be average earnings? A. There are average earnings for all diggers in Northern United States. It is the recommendation of

Q. "These diggers in the States are usually mature people while in some of the Canadian Mills much younger boys and girls are employed for this work."

Q. Now, let us turn to the 37 1/2 hour week. The 40 hour week \$17.88 and for the 37 1/2 hour week \$13.48. Now, are those average rates or fixed rates? No the diggers work on piece work in the United States? A. Yes.

in the north if they work on piece work. There is about 8 cents difference, you see. If they worked on piece work would they be paid -- A. Well, there are only 25% of the doffers who are females so it would only be a coincidence really if they average of that 25% of the doffers was the same as the average of the other 75%.

Q. I know, but there is a very big difference; there is 8 cents an hour difference? A. Yes; the probable reason might be that a number of mills specialize in having female doffers and would have a lower hourly rate on that account.

Q. You mean a lower piece work rate? A. Very likely.

Q. Because they were girls? A. Very likely. I cannot say for sure because I only visited three mills but that might possibly be the case.

Q. "These doffers in the States are usually mature people" -- I have read that.

"At the Canadian Cottons Mill in Hamilton the doffers are paid an average of 26.6 cents per hour - \$13.30 per 50 hour week. No one in the spinning department is paid less than 25.2 cents per hour, or \$12.60 for a full week.

"At the Wabasso mill 35 workers out of 123 in the spinning departments are paid 12 1/2 cents per hour or \$5.25 for a full week. These young workers seemed to be from 16 to 25 years of age and were mostly girls along with some boys and a few older men.

in the north if they work on piece work. There
about 8 cents difference, you see. If they work
on piece work would they be paid --
there are only 25¢ of the dollars who are female
it would only be a coincidence really if they
of that 25¢ of the dollars was the same as the
of the other 75¢.

Q. I know, but there is a very big difference
there is 8 cents an hour difference?
the probable reason might be that a number of
specialize in having female dollars and would be
lower than the other account.

Q. You mean a lower piece work rate?
A. Yes.

Q. Because they were girls?
A. Very likely.
I cannot say for sure because I only visited this
mill but that might possibly be the case.

Q. These dollars in the States are usually
mature people -- I have read that.

"At the Canadian Cottonmill in Hamilton
the dollars are paid an average of 25.6 cents
per hour - \$13.50 per 50 hour week. No one
the spinning department is paid less than 25.
cents per hour, or \$12.50 for a full week.

"At the Wabasso mill 25 workers out of
in the spinning departments are paid 12 1/2
cents per hour or \$5.25 for a full week. The
young workers seemed to be from 16 to 25 years

"At the Hamilton Cotton Company mill,
doffers earn 35 1/2 cents per hour or \$17.62 per
full week. These are men 21 to 25 years old.

"The Dominion Textile branches pas as
follows in the doffing operation: Hochelaga
(weft, base rate 19.3 cents per hour, actual
first quarter, 1936, 21.4 cents per hour.
Warp 19.3 cents per hour, actual rate 18.4
cents per hour. "

That is, at that mill the weft doffers earn over
the basic rate by about two cents per hour and the
warp doffers earn under the basic rate by about
three cents per hour ? A. Yes.

MR. HEWARD: One cent.

THE WITNESS: I beg your pardon, one cent.

MR. McRUER: Oh yes, one cent. Merchants, weft
doffers the basic rate is 17.2 cents per hour, the
actual earning 21 cents per hour. Warp doffers
the basic rate is 17.2 cents per hour, the actual
earning 18.7 cents per hour. Montmorency the basic
rate for weft doffers is 17.3 cents and the actual
earning 17.5 cents. Warp doffers the basic rate is
17.3 and the actual 17.4. Sherbrooke, weft doffers
20.6 and the actual 21.6. Warp doffers 20.6 and the
actual 19.8.

"Taking the actual earnings this gives
a range for the four branches from a low of 17.4
cents per hour " A. Excuse me, Mr.

McRuer; that is the place where I have the latest
figures. May I just read that little bit ?

"At the Hamilton Cotton Company mill,
... 25 1/2 cents per hour or \$17.50
... These are men 21 to 25 years of
... Full week.
"The Dominion Textile branches has as
follows in the doffing operation: Nocheles
(...)
first quarter, 1936, 21.4 cents per hour.
Warp 19.3 cents per hour, actual rate 18.4
cents per hour."
That is, at that mill the warp doffers earn over
the basic rate by about two cents per hour and the
warp doffers earn under the basic rate by about
three cents per hour?
A. Yes.
THE WITNESS: I beg your pardon, one cent.
MR. MCNULTY: Oh yes, one cent. Merchants; the
doffers the basic rate is 17.3 cents per hour, the
actual earning 17.4 cents per hour.
the basic rate is 17.3 cents per hour, the actual
earning 18.7 cents per hour. Montmorny the basic
rate for warp doffers is 17.3 cents and the actual
earning 17.5 cents. Warp doffers the basic rate
17.3 and the actual 17.4. Sherbrooke, warp doffers
20.6 and the actual 21.6. Warp doffers 20.6 and
actual 19.8.
"Taking the actual earnings this gives
a range for the four branches from a low of 1
cents per hour -
... I just read that little bit?

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"Taking the actual earnings this gives a range for the four branches of the Dominion Textile Company from a low of 18.4 cents per hour" --

Q. 18.4 ? A. 18.4 cents an hour or \$9.-- I beg your pardon, that will be different -- "Or \$5.30 for an actual week of 28.8 hours".

Q. Let us see; this is all changed. What is the rate for the 55 hour week ? A. The 55 hour week would be \$10.12.

Q. \$10.12; then, what is your 43.2 hour week, or is that changed ? A. That is changed, Mr. McRuer, because I got the actual hours of the individual mills there and did not have to use that over-all figure.

Q. What should the heading be ? A. It should be \$5.30--

Q. What should the heading be ? A. The heading should be "actual week".

Q. Actual week ? A. Actual week.

Q. You don't know how many hours ? A. Yes, I give the hours for each line because they vary. The first line is \$5.30 for 28.8 hours.

Q. I see; \$5.30 for 28.8 hours ? A. 28.8 hours,"to a high of 21.6 cents per hour which is \$11.88 for the 55 hour week and \$9.11 for the actual week of 43.4 hours. As will be shown by the commission's analysis of pay rolls the number of operatives in this lower wage bracket is limited."

Q. Then, we go on to the "Level of Wages , Canadian and American mills" --

...the actual earnings this gives a range for
four pence of the Dominion Textile Company from
low of 18.4 cents per hour" --
A. 18.4 cents per hour?
or 19.4 -- I beg your pardon, that will be different
"or 19.4 for an actual week of 28.8 hours".
.. That is not; this is all changed. That is
rate for the 28 hour week?
A. The 28 hour week
would be \$10.18.
.. \$10.18; then, what is your 28.8 hour week?
or is that changed?
A. That is changed, Mr.
Member, because I got the actual hours of the lady
dual mills there and did not have to use that over
all figure.
.. What should the heading be?
A. It should
be \$5.30 --
.. What should the heading be?
A. The heading
should be \$5.30 --
.. Actual week?
A. Actual week?
.. You don't know how many hours?
A. Yes.
I give the hours for each line because they vary.
First line is \$5.30 for 28.8 hours.
.. \$5.30 for 28.8 hours?
A. Yes.
hours, to a high of 21.6 cents per hour which is
\$11.58 for the 28 hour week and \$2.11 for the rest
week of 43.4 hours. As will be shown by the con-
siderable analysis of pay rolls the number of op-
erations in this lower wage bracket is limited.
.. we go on to the "level of wages",

THE COMMISSIONER: Is this about doffers only?

MR. McRUER: No, my lord.

THE COMMISSIONER Then, it is a new topic. We will take it up tomorrow morning.

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-- The Commission adjourned at 5:30 P.M. to resume at 10:30 A.M. Wednesday, November 25th, 1936.

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TABLE

THE following is a list of the names of the persons who have been named in the report of the committee on the subject of the proposed amendment to the constitution of the province of Ontario, as passed by the assembly on the 10th day of June, 1891.

THE following is a list of the names of the persons who have been named in the report of the committee on the subject of the proposed amendment to the constitution of the province of Ontario, as passed by the assembly on the 10th day of June, 1891.

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

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A. S. Whiteley, Secretary,

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N I N E T Y - N I N T H D A Y

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(November 25, 1936)

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Robert Brydie,
Official Reporter.

1911

THE CANADIAN PACIFIC RAILWAY

THE CANADIAN PACIFIC RAILWAY

Commissioner

THE CANADIAN PACIFIC RAILWAY

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THE CANADIAN PACIFIC RAILWAY

(Commissioner of Railways)

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

A p p e a r a n c e s :

J.C. McRuer, K.C.)
 and) Commission Counsel,
 E. Beauregard, K.C.)

J.P. Lanctot, K.C.) For Special Committee
 and) on Primary Textile
 R.L. Kellock, K.C.) Industries.

C.G. Heward, K.C.)
 Aime Geoffrion, K.C.) For Dominion Textile
 and) Company.
 C.T. Ballantyne,)

S.G. Dixon, K.C. For Courtaulds Limited.

L.A. Forsyth, K.C. For Canadian Celanese
 Limited, and Canadian
 Silk Products Limited.

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FOR THE COMMISSIONER

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For Dominion Textile

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(S. I. Baitalyn)

NOT CONTAINED IN THIS BOOK

U.S. Navy

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Ottawa, Ontario,
November 25, 1936.

The Commission resumed at 10.30 a.m.

THE COMMISSIONER: All right, Mr. McRuer.

CHARLES V. FESSENDEN, Examination Continued.MR. McRUER: We continue at page 15 of Mr.
Fessenden's report.

BY MR. McRUER: Q. In making the comparison,
Mr. Fessenden, between Canadian and American mills,
where did you get your figures for the American rates
of pay? A. The American rates of pay so
far shown in this report are not the rates of pay
which I found to exist at the individual mills that
I visited in the States. They are figures collected
by the Department of Labour of the American government,
which include all the cotton textile mills in the
section referred to.

Q. Either north or south? A. Yes,
and perhaps I should say that the latest figures
I could get on that, showing the earnings for
individual operations, were for the year 1934 after
the NRA had become effective.

Q. Yes? A. And there have been some
mills which have dropped slightly from that level,
but the great majority of the mills have maintained
exactly that level, so I have retained that as the
average hourly rate of pay existing for the
different occupations. Then when I show the

WILMINGTON, DELAWARE
JANUARY 25, 1934

THE PRESIDENT AND BOARD OF DIRECTORS

THE BOARD OF DIRECTORS AND THE PRESIDENT

WILMINGTON, DELAWARE

MR. McHUGH: We continue of page 13 of Mr.

McHUGH'S REPORT.

BY MR. McHUGH: 2. In making the comparison

Mr. Rosenberger, between Canadian and American mills,

where did you get your figures for the American rates

of pay? 4. The American rates of pay as

set down in this report are not the rates of pay

which I found to exist at the individual mills but

I visited in the States. They are figures collected

by the Department of Labor of the American Government

which include all the cotton textile mills in the

section referred to.

Q. Either north or south? A. Yes.

and perhaps I should say that the latest figures

I could get on that, showing the earnings for

individual operations, were for the year 1934 after

the NRA had become effective.

Q. And there have been some

mills which have dropped slightly from that level,

but the great majority of the mills have maintained

the level, so I have retained that as the

average level rate of pay existing for the

At present the position.

13542

Fessenden

average hourly rate of pay for all employees in the industry, I have a figure obtained in 1936, which is quite up to date, and by working out what the 1934 figures were according to the number of operators in the south and the number of operators in the north would give us an average for all the operatives in the industry. In 1936 there has been a drop of only .4 of a cent per hour for the average operative.

Q. I see, and have you any information that will assist us in regard to the increases that have taken place in the mills in the south just during the last few days?

A. Yes, Mr. McRuer, that is covered quite fully. We are just coming to that.

Q. You have brought that up to date? A. Yes.

Q. I noticed in last night's paper that there had been an increase in the Carolinas. A. I beg your pardon, I have not the increase except the increase brought about by the N.R.A.

Q. I mean increases that have taken place during the last week. A. I know nothing on that but what I have seen in the newspaper.

Q. You have no information on that? A. No.

Q. Now we come to page 15, which reads:

" LEVEL OF WAGES - CANADIAN AND
AMERICAN MILLS

All on Pay Roll up to and including
Departmental Foremen

All operatives, male and female, earnings in 1936 are, in the United States, about:

average hourly rate of pay for the employees in the
industry, I have a figure obtained in 1936, which
is quite up to date, and by working out what the 1936
figures were according to the number of operators in
the south and the number of operators in the north
would give us an average for all the operatives in
the industry. In 1936 there has been a drop of only
.4 of a cent per hour for the average operative.
Q. I see, and have you any information that
will assist us in regard to the increases that have
taken place in the mills in the south just during
the last few days?
A. Yes, Mr. McNair, the
is covered quite fully. We are just coming to that
Q. You have brought that up to date? A. Yes
Q. I noticed in last night's paper that there
had been an increase in the Carolinas. A. I be-
lieve your pardon, I have not the increase except the
increase brought about by the N.R.A.
Q. I mean increases that have taken place
during the last week. A. I know nothing
on that but what I have seen in the newspaper.
Q. You have no information on that? A. No
Q. Now we come to page 15, which reads:
"LEVEL OF WAGES - CANADIAN AND
ALL OPERATIVES, male and female, employed
in 1936 are, in the United States, about:

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"(x) North 41 cents X $37\frac{1}{2}$ hours or \$15.38 per actual week.

(x) South 34.6 cents X $37\frac{1}{2}$ hours, or \$12.98 per actual week.

5 (x) These figures are the 1934 averages reduced \$0.004 per hour to agree with latest average for whole U.S.C.T. Industry, (36.5 cents per hour)."

Q. That is what you refer to? A. Yes.

Q. That brings it down to date as far as you have
10 been able to get the figures? A. Yes, Mr.

McRuer.

Q. The report goes on:

"As compared to this all the Grey Mills of
the Dominion Textile Company (combined)
15 show an average for the year ending March
31, 1936, of:

Wage per employee hour 27.4 cents

Actual weekly hours worked 42.6

(1936)

Actual weekly wage per employee \$11.62"

20 THE WITNESS: That should be \$11.62.

BY MR. McRUER: Q. It should be \$11.62.

The result there is that in the north for a $37\frac{1}{2}$ hour
week the employee receives \$15.38 as against \$11.62
in Canada for a 42.6 hour week. A. And as
25 against \$12.98 per actual week in the south.

Q. Yes, for the $37\frac{1}{2}$ hour week in the south
he gets \$12.98 as against \$11.62 for a 42.6 hour week
in Canada. A. Yes, Mr. McRuer, both weeks
being actual hours.

30 Q. Yes. It goes on:

Yessenden

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"[1] North 24.5 cents X 37 1/2 hours = \$9.1875

actual week.

(1) South 24.5 cents X 37 1/2 hours, or \$9.1875

per actual week.

(x) These figures are the 1984 average rates
\$6.004 per hour to agree with latest average
whole U.S.C.T. industry, (36.3 cents per hour
A. Yes.

Q. That brings it down to date as far as you have
been able to get the figures?
A. Yes, Mr.
McNair.

Q. The report goes on:
"As compared to this all the Grey Mills
the Dominion Textile Company (combined)
show an average for the year ending 1983
31, 1983, of:

Actual weekly wage per employee 11.62
Actual weekly hours worked 42.6
37.4 cents
Actual per employee hour

BY MR. McNair: Q. It should be \$11.62.
The result there is that in the north for a 37 1/2 hour
week the employee receives \$12.38 as against \$11.62
in Canada for a 42.6 hour week.
A. And as
against \$12.38 per actual week in the north.
Q. Yes, for the 37 1/2 hour week in the north

in rate \$11.62 as against \$11.62 for a 42.6 hour
in Canada. A. Yes, Mr. McNair, both weeks
Yes. It goes on:

13544

Fessenden

"It will be noted that the comparisons made above are on the basis of American wage levels since the wage increase at the time of the N.R.A. in 1934. Those increases have been maintained almost completely up to 1936 without taking into consideration the recent increases in the United States as announced in the newspapers by some cotton textile companies."

A. May I interrupt, Mr. McRuer, for just a moment. Reference has been made to the newspaper report of increased wages in the States. Probably I should also say that I have seen newspaper accounts of increases in wages at the Wabasso mill, which were not taken into consideration in my figures.

Q. Yes, we have had some evidence before the Commission. Your figures were taken before this increase at the Wabasso mill.

A. Yes, and I have been unable to get a definite statement as to the increase.

Q. Your report goes on:

"This higher 1934 level represented a very sharp increase in hourly rates, particularly in the south. In spite of the shorter 40 hour week established at the same time, weekly wages on a full time basis are higher than the N.R.A."

A. This is before the N.R.A.

Q. It goes on:

"For example:

SOUTH

Percentage increase
in hourly rate

Was this due to the N.R.A.? A. Yes, Mr. McRuer

"It will be noted that the comparison made above is on the basis of American wage levels since the wage increase at the time of the U.S.A. in 1931. Those increases have been maintained almost completely up to 1936 almost taking into consideration the recent increases in the United States as announced in the newspaper by some cotton textile companies."

A. May I interrupt, Mr. Mahan, for just a moment. Reference has been made to the newspaper report of increased wages in the States. Probably I should also say that I have seen newspaper accounts of increases in wages at the Japanese mill, which were not taken into consideration in my figures.

Q. Yes, we have had some evidence before the Commission. Your figures were taken before this increase at the Japanese mill. A. Yes, and I have been unable to get a definite statement as to

the increase in hourly wages, particularly in the cotton textile industry in Japan and the United States. The figures were taken before this increase at the Japanese mill. A. Yes, and I have been unable to get a definite statement as to

the increase in hourly wages, particularly in the cotton textile industry in Japan and the United States. The figures were taken before this increase at the Japanese mill. A. Yes, and I have been unable to get a definite statement as to

Q. Then the table follows:

	Percentage increase in hourly rate.	Percentage increase per actual full time week assuming 55 hour week before N.R.A. and 40 hour after.
--	---	--

SOUTH

Weavers M.	70 per cent	24 per cent
Weavers F.	78 " "	29 " "
Spinners M.	72 " "	25 " "
Spinners F.	99 " "	46 " "
Cleaners F.	86 " "	36 " "

NORTH

Weavers M.	47 " "	7 " "
Weavers F.	53 " "	12 " "
Spinners M.	63 " "	19 " "
Spinners F.	58 " "	15 " "
Cleaners F.	63 " "	19 " "

Q. Now if I understand this correctly, to take the weavers in the South, due to the N.R.A. they received a 70 per cent increase in the hourly rate ?

A. Yes.

Q. But for the 40 hour week as compared with the former 55 hour week they received 20 per cent --

A. 24 per cent more.

Q. 24 per cent more in pay at the end of the week?

A. Yes, that is the explanation. While I assume a 55 hour week for the N.R.A., that is only a relative figure. All the mills did not definitely have a 55 hour week, but that was typical.

Q. I see. Their pay envelope would be increased at the end of the week, notwithstanding the shortening of the hours, by 24 per cent? A. Yes.

Q. The report goes on:

and 40 hours effort.
week before N.E.A.
week commencing 25 Nov
per actual 1:11:15 hrs

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the weavers in the South, due to the fact that they

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Q. 24 per cent more in pay at the end of the year?

A. Yes, that is the explanation. While I earned a 55 hour week for the N.R.A., that is only a relief. All the mills did not definitely have a 55

" LEVEL OF WAGES - CANADIAN AND AMERICANCanadian Wage Levels in Perspective

In the mills investigated Canadian weavers for a full time week earn from a low of \$11.42 (42 hours) at Wabasso (girls) to a high of \$19.91 at Merchants Branch, Dominion Textile Company's mill (55 hours). This compares with an average of \$17.56 for a full time 40 hour week in the Southern States."

Q. That is, the \$19.91 for a full week of 55 hours at the Merchants Branch would compare with \$17.56 for a 40 hour week in the Southern States? A. Yes.

Q. It goes on:

"This comparison would be more favourable if it were not for the drastic change brought about by the N.R.A. in the U.S. wage levels.

In July 1933 the earnings for the United States were:

	<u>For 55 hour week</u>	
	<u>North</u>	<u>South</u>
Weavers M.	\$16.50	\$12.90
Weavers F.	15.55	11.80

While the full time week cannot be taken as the measure of the operatives' earnings it is useful for comparative purposes."

THE WITNESS: May I make a little explanation there?

MR. McRUER: Yes.

THE WITNESS: To put in better perspective a comparison between the Canadian wage levels and the

Comparison of Levels in Two Sectors

In the mills investigated Canadian workers for a full time week earn from a low of \$11.40 (48 hours) at Westboro (Quebec) to a high of \$18.91 at Remond's Kitchen, Dominion Textile Company's mill (55 hours). This compares with an average of \$14.58 for a full time 40 hour week in the Southern States.

That is, the \$18.91 for a full week of 55 hours at the Remond's Kitchen would compare with \$14.58 for a 40 hour week in the Southern States.

It goes on:

"This comparison would be more favorable if it were not for the drastic change brought about by the N.E.A. in the U.S. wage levels. In July 1953 the earnings for the United States were:

For 55 hour week	
North	South
Remond's Kitchen \$18.91	\$18.90
Westboro \$11.40	\$11.40

While the full time week cannot be taken as the measure of the operatives' earnings it is useful for comparative purposes.

Mr. Brydier: May I make a little explanation

Mr. Brydier: Yes.

Mr. Brydier: To put in better perspective

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Tessenden

American wage levels, it seems to me it is helpful to point out that such a drastic increase as took place in the United States as a result of the N.R.A., speaking of a general industry or of industry generally, could not take place in such a short time. It would be impossible for an industry to adapt itself to such a rapid change.

Q. Well, didn't they in the United States?

A. Yes, I say for an individual industry.

Q. Yes, if it is done by law it can be done more easily? A. Yes, if all the competitors

do it. Another thing which should be pointed

out on account of the difference between the

States and Canada from the point of view of the agricultural worker or the person who depends on agricultural products, is that the natural result which can be expected from this increase in the

States is an increase in the real wages of the

factory worker at the expense of those people in the United States who do not share in this increase in money income. To the extent that farmers get

an increase in unit money value of their products, the tendency will be to even off any increased

real wage for both factory worker and farmer. In the long run there must apparently be a lowering of the real income per week of the average person because of the limiting of the production of real

wealth due to shorter hours, etc. However, there is a real chance that the nearby result may be a

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Fessenden

decrease in the unnatural strangulation of trade,
and therefore of production, which we had from
1929 to 1936, because of the establishment of
better balanced prices.

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Q. I do not understand that at all. A. I
think there is quite a bit in that.

Q. It is not in your typewritten report.

A. No, I thought of that this morning.

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THE COMMISSIONER: It is more a question of
economics.

THE WITNESS: I thought it was necessary to
point that out, my lord, because of the danger.
For instance, in the cotton textile industry we see
a great many bad results following from one cotton
mill following another cotton mill without looking
into the conditions in their own mill to see whether
the change would be applicable.

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BY THE COMMISSIONER: Q. Following them in
what? A. In machine assignments. They
see that one thousand spindles can be run in one mill,
and another mill will try to do it without first seeing
whether conditions warrant it, and that a parallel
situation exists for it. Whereas the farmer in the
States may be having his money income raised arti-
ficially, it may be quite impossible to raise the
money income of the Canadian farmer in the same way,
and if that is impossible, it would be quite im-
possible to raise the Canadian hourly wages as in the
States without upsetting everything.

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and therefore of production, which we had from 1932 to 1936, because of the establishment of better balanced prices.

Q. I do not understand that at all.

A. I think there is quite a bit in that.

Q. It is not in your typewritten report.

A. No, I thought of that this morning.

THE COMMISSIONER: It is more a question of

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a great many bad results following from one cotton

mill following another cotton mill without looking

into the conditions in their own mill to see whether

the change would be applicable.

BY THE COMMISSIONER: Q. Following them in

the same way, the same results.

see that one thousand spindles can be run in one mill

and another will try to do it without first seeing

whether conditions warrant it, and that a parallel

situation exists for it. Whereas the farmer in the

position of having the same thing happen to him

typically, it may be quite impossible to raise the

price of the product in the same way.

and it is quite impossible, it would be quite im-

possible to raise the price of the product in the same way.

and it is quite impossible, it would be quite im-

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Fessenden

Q. You mean the foundation would not be there?

A. The balance would not be there.

BY MR. McRUER: Q. One thing you said was that the individual mill could not do what the whole industry might do if they all went together on an increase.

A. That was my first point, unless all sections of the country, and not just factory workers --

Q. Just a moment, you are getting into something pretty profound there. You mean that in the United States it was handled in that way? A. Yes.

Q. Everybody was affected, the farmer as well as the industrial worker. A. Yes, the price of wheat there is unnatural. It is not the world price of wheat.

Q. If the mills operated together, as they did on the question of fixing prices, to fix labour values, they might get along without a law on the matter? A. But that might ruin the purchasing power of the farmer.

Q. Yes, but on the other hand you must consider their prosperity and the profit they have made, and what they are trying to make. A. Yes, Mr. McRuér. I should make very plain that I am not referring to any textile company. I do not know anything about their earnings. I am thinking about industry generally.

Q. You cannot consider industry generally without considering the element of profit.

A. I leave that to the Commissioner to consider.

Responsible

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Q. You mean the foundation would not be there.
A. The balance would not be there.
Q. One thing you said was that
might be if they all went together on an increase
A. That was my first point, unless all sections
the country, and not just factory workers --
Q. Just a moment, you are getting into some-
thing pretty profound there. You mean that in the
United States it was handled in that way? A. Yes.
Q. Everybody was affected, the farmer as well
as the industrial worker. A. Yes, the
price of wheat there is maintained. It is not the
world price of wheat.
Q. If the mills operated together, as they
are in the United States, as the
valves, they might get along without a law on the
subject.
Q. Changing power of the farmer.
Q. Yes, but on the other hand you must con-
sider their prosperity and the profit they have
made, and what they are trying to make. A. Yes.
Q. I would like to know what you
not referring to any textile company. I do not
know anything about their earnings. I am thinking
about industry generally.
Q. You cannot consider industry generally
without considering the element of profit.
Q. I think that is the foundation for industry.

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Q. I respectfully suggest that the other thing too is rather something for the Commissioner to consider, is it not? A. Absolutely.

Q. Along with the whole matter. A. My report is only on this industry, and does not touch their earnings. I do not know what their earnings are.

THE COMMISSIONER: This happens to be your witness, Mr. McRuer.

MR. McRUER: I know. What I am getting at is that we are getting into one angle which is not in the original report, and if we are going to consider one angle we should consider the other. One angle is what the farmer can bear. The other angle, which is a very important one, is what the investor can bear. They are both relevant.

THE WITNESS: Yes. I would like to make it very plain that I do not bring this out as being applicable to the textile companies in Canada, because I do not know.

THE COMMISSIONER: That is for somebody else to say.

Q. You give us what you find, and you have in mind the tendency of retail prices to rise, which would follow? A. Yes, my lord.

Q. And the inability of our consumers to meet those prices? A. I do not see how the American mills can raise their hourly rates 70 per cent, as was done in one instance, without some comparative rise in purchasing power on the other.

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Q. I respectfully suggest that the other

thing too is rather something for the Commission

A. Absolutely.

Q. Along with the whole matter. A. My

report is only on this industry, and does not touch

their earnings. I do not know what their earnings

THE COMMISSIONER: This happens to be your

witness, Mr. Minton.

MR. MINTON: I know. What I am getting at is

that we are getting into one angle which is not in

the original report, and if we are going to consider

one angle we should consider the other. One angle

is what the farmer can bear. The other angle, which

is a very important one, is what the investor can

bear. They are both relevant.

THE WITNESS: Yes, I would like to make it very

plain that I do not bring this out as being ap-
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peal to the textile companies in Canada, because I

do not know.

THE COMMISSIONER: That is for somebody else

Q. You give me what you find, and you have in

would follow? A. Yes, my lord.

Q. And the inability of our consumers to meet

those prices? A. I do not see how the American

will be able to pay their hourly rates 70 per cent, as

any one in one instance, without some compensative

power on the other.

THE COMMISSIONER: I understand you.

THE WITNESS: Without a rise in cost and therefore a rise in the selling price of textiles.

BY MR. McRUER: Q. Yes, your report goes on:

"While the full time week cannot be taken as the measure of the operatives' earnings it is useful for comparative purposes.

Probably the more informative study is the trend of wages over a period and particularly a study to see if the worker shares in the increased production of wealth resulting from the labour he applies to the tending of continually improving and more efficient machines.

To examine this question the combined production, in lbs., of all the Grey Mills of the Dominion Textile Company was obtained yearly from 1912 to 1936.

The corresponding data was also obtained showing:

Number of employees on the pay roll
(foreman and lower);

Actual weekly hours per employee;

Average hourly wage per employee;

The index of the cost of living.

The latter was calculated for each fiscal year ending March 31 from 1914 to 1936. Hourly and actual weekly wages were calculated in purchasing power or 'real wages' as well as ' money wages'.

These charts show from 1914 to 1936:

1. Total lbs. produced per year have risen 50 per cent.

Q. That is 50 per cent over 1914, is it?

A. Yes, Mr. McRuer.

Q. If you can:

Q. Number of employees has risen 12 per cent

Q. That is, the number of pounds produced has risen

50 per cent as against the number of employees rising

12 per cent? A. Yes.

Q. It goes on:

Q. 3. Lbs. per week per employee has risen 32 per

cent."

Q. Would that be due to improvement in machinery?

A. That would be due to the

improvement in the machines used by the industry and

in the maintenance of those machines, and in the

methods used in getting the workers to tend those

machines, and possibly in the effort put forward by

the workers to get products from the machines.

Q. A combination of all those circumstances?

A. Yes.

Q. It goes on:

Q. 4. Hours worked per week per employee

is down 12 1/2 per cent.

Q. That is, although he worked 12 1/2 per cent less

time he produced 32 per cent more pounds? A. Yes.

Q. It goes on:

Q. Real wages per actual week per employee at

up 32 1/2 per cent."

Q. Now in reference to the real wages, you are

making a comparative study of the purchasing power

of the dollar as compared with the cost of living.

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Fessenden

A. The comparative purchasing power of the dollar as involved in my calculations.

Q. Where do you get the figure for real wages?

5 A. I got the money wage from the records of the Dominion Textile Company, and I got the index of prices, that is the balanced index of prices, taking a reasonable proportion of each kind of goods from the Bureau of Statistics, and I applied the correction for the price of goods to the money wage.

10 Q. Your report goes on:

"Two points are particularly interesting:

15 (a) The relatively steady rise in 'real wages' per 'employee hour' and even 'per employee week' in spite of an increasing amount of short time.

This steady rise is in marked contrast to the much faster but more erratic rise in the money wage up to 1921 followed by an irregular plateau.

20 (b) The closeness with which the 'average real wage per employee hour' follows the 'pounds produced per employee hour'.

The former rises 51 per cent while the latter rises 53 per cent.

25 These two lines do not get far apart at any period except when the real wage falls behind in 1915, 1916, 1917 and 1918 in spite of increases and war bonuses."

30 Q. Are we to take it that during the war period, although the wages were high, the purchasing power of the wages was really lower than it had been before the war?

A. As far as this particular

4. The comparative purchasing power of the dollar as involved in my calculations.

5. Where do you get the figure for real wages?

A. I got the money wage from the records of the Dominion Textile Company, and I got the index of prices, that is the balanced index of prices, taking a reasonable proportion of each kind of goods from the Bureau of Statistics, and I applied the correction for the price of goods to the money wage.

6. Your report goes on:

"The following are substantially correct:

(a) The relatively steady rise in 'real wages

per employee hour' and even 'per employee week

in spite of an increasing amount of short time

This steady rise is in marked contrast to the

much faster but more erratic rise in the money

wage up to 1921 followed by an irregular plateau

(b) The closeness with which the 'average

real wage per employee hour' follows the

'pounds produced per employee hour'.

The former risen 31 per cent while the

latter risen 53 per cent.

These two lines do not get far apart at

any period except when the real wage falls

behind in 1915, 1916, 1917 and 1918 in spite

of increasing and even falling."

9. Are we to take it that during the war period,

although the wages were high, the purchasing power

of the wages was really lower than it had been

before the war?

A. As far as this particular

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company is concerned.

Q. Yes. The report goes on:

"Finally in 1919 the wage increases caught up with the rising cost of living and 'real wages' began to shoot up. They were brought under control (but the rise in real wages was unchecked) by dropping a 5 per cent bonus in 1920 and making a 15 per cent general decrease in October 1921."

10 You do not deal with the decrease in 1923?

A. I simply made one random observation there. We can make observations as to the result of each change of wages, but there are so many of them.

15 Q. You refer to some, but you do not refer to others? A. I refer to the only place where the lines got far apart.

Q. I see. The report goes on:

20 "The net result of sharp changes in the level of prices and changes in the level of wages, up and down, is that the increasing productivity of the worker, co-operating in the use of improved machines and improved methods, is being matched by an approximately equal increase in his real wage. This is in spite of a shorter working week. The uniformity of this improvement in real wage per week comes as a surprise when one's attention has been absorbed by the apparently haphazard movements in money wages on the one hand, and the cost of living on the other. It constitutes at least

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company is concerned.

Q. Yes. The report goes on:

"Finally in 1919 the wage increases caught up with the rising cost of living and 'real' wages began to shoot up. They were brought under control (but the rise in real wages was un-checked) by dropping a 5 per cent bonus in 1920 and making a 15 per cent general decrease in October 1921."

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A. I refer to the only place where the lines got far apart.

Q. I see. The report goes on:

"The net result of sharp changes in the level of prices and changes in the level of wages, up and down, is that the increasing productivity of the worker, co-operating in the use of improved machines and improved methods, is being matched by an approximately equal increase in his real wage. This is in spite of a shorter working week. The real benefit of this improvement in real wage per week comes as a surprise when one's attention has been absorbed by the apparently hazardous movements in money wages on the one hand, and the cost of living on the other. It constitutes at least

5 one phenomenon encouraging to anyone who believes that the capitalistic system by and large, works better than it is given credit for working. The system has the defect of doing most of its best work in the dark, and its worst work in the light. It has the added misfortune of lacking any adequate publicity department."

10 Of course that is a little broad in relation to the textile industry. Works of light and darkness have been going on in the world for a long time. It continues:

15 " APPRAISAL OF CANADIAN WAGES
IN RELATION TO THE EFFORT
OF THE WORKER

20 To be consistent, having reduced wages from 'money wage' to 'real wage', it is also necessary to reduce 'hours of work' to 'real work' or 'energy expended'. The potential increase in the productivity of labour if work could always be measured and paid for in terms of 'real work' would be substantial. Also much of the hopeless feeling associated with factory work under backward wage payment policies
25 would be eliminated."

THE WITNESS: Is this the place where you wanted me to read, Mr. McRuer ?

30 MR. McRUER: I will read it because I want to ask questions as I go along. I think that will be easier. Your report continues:

one phenomenon encouraging to anyone who be-
lieves that the capitalistic system by and
large, works better than it is given credit
for working. The system has the defect of
being most of its best work in the dark, and
its worst work in the light. It has the ad-
vantage of lacking any adequate publicity
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Of course that is a little broad in relation to the
textile industry. Works of light and darkness have
been going on in the world for a long time. It
continues:

"APPENDIX OF CANADIAN FACTS
IN RELATION TO THE REPORT
OF THE COMMISSIONER OF THE
LABOUR DEPARTMENT."

To be consistent, having reduced wages
from 'money wage' to 'real wage', it is also
necessary to reduce 'hours of work' to 'real
work' or 'energy expended'. The potential
increase in the productivity of labour if wages
could always be measured and paid for in terms
of 'real work' would be substantial. Also
many of the hopeless feelings associated with
factory work under present payment policies
would be eliminated."

THE WRITER: Is this the place where you
wanted me to read, Mr. Bryant?
Mr. Bryant: I will read it because I want to
see questions as I go along. I think that will be

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Fessen den

"The studies made in the mills of the Canadian companies were made to determine the amount of effort various groups of workers had to put into their work per hour in order to earn a given wage per hour."

(Page 13565 follows)

Lesson 50

1888

"The studies made in the mills of the
Canadian companies were made to determine the
amount of effort various groups of workers
had to put into their work per hour in order to
earn a given wage per hour."

(The same class)

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Fessenden.

"This wage per hour was then adjusted in the light of our studies so as to arrive at the level of wages per unit of real work done.

"This type of analysis is not an exact science and I do not wish to draw too positive conclusions from these studies, made in the mills in psite of the fact that they were most carefully and skilfully made by Mr. Brodie.

"The following conclusions are based on the actual findings and are subject to the above qualification:

"1. While the spinning operations at Hochelaga and Merchants Branches each have a basic wage of 26.7 cents per hour, the operatives studied at the latter mill could make 13% more pay with 9% less effort. Hochelaga" --

THE COMMISSIONER: At which mill, Hochelaga ?

MR. McRUER: Hochelaga, yes, my lord.

THE WITNESS: At Merchants they could make the higher pay with the lesser effort.

BY MR. McRUER: Q. That is, comparing Hochelaga and Merchants they had the same basic rate of 26.7 cents per hour but the operatives studied at the latter mill could make 13 per cent more pay with 9% less effort; that is in the Merchant mill ?

A. Merchants.

Q. "Hochelaga spinners were earning 2% over their base rate while Merchants spinners were earning 15% over their base rate."

BY THE COMMISSIONER: Q. What do you attribute

"This wage per hour was then as follows
light of our studies as to arrive at the
of wages per unit of real work done.

"This type of analysis is not an exact
science and I do not wish to draw too positive
conclusions from these studies, made in the
in spite of the fact that they were most com-
pletely and skillfully made by Mr. Brydie.

"The following conclusions are based on
actual findings and are subject to the above
qualification:

"1. While the spinning operations at No.
1 and 2 branches have a basic
rate of 28.7 cents per hour, the operatives
studied at the latter mill could make 12%
more pay with 2% less effort.

At branch 1, the operatives could make 12%
more pay with 2% less effort.

At branch 2, the operatives could make 12%
more pay with 2% less effort.

At branch 3, the operatives could make 12%
more pay with 2% less effort.

At branch 4, the operatives could make 12%
more pay with 2% less effort.

At branch 5, the operatives could make 12%
more pay with 2% less effort.

At branch 6, the operatives could make 12%
more pay with 2% less effort.

that to ? A. I attribute that to the policy of the company of setting machine assignments in the first place at head office, and while they adjust them to some extent to the conditions of the mill I would criticize the amount of work they put in that adjustment and I believe this indicates that the adjustment is incorrect. For instance, as between Merchants and Hochelaga mills in that, if the adjustment had been correctly made, the operatives at the Merchants and at Hochelaga for the same effort should be able to make the same hourly wage because their base rates are the same. So I attribute it to the fact that the goods for one reason and another run more easily at the Merchants mill than they do at the Hochelaga mill.

BY MR. McRUER: Q. Let me see if I can summarize that, Mr. Fessenden, in this way, that a basic rate set at head office applicable to two different mills may not be equitable to the employees working in those mills because of what you observed yesterday, the working conditions in the mills may be different ?

A. Yes.

Q. And the employees working in one mill on account of the machinery, the way it is kept up, the lighting and atmospheric conditions, all the conditions of the mill, may be able to work faster and better and more efficiently and earn more than in another mill but if they are on the same piece work rate for both mills then their pay is going to be

that to ?
A. I attribute that to the policy of
the company of setting machine assignments in the
first place at head office, and while they adjust the
to some extent to the conditions of the mill I would
criticize the amount of work they put in that adjust-
ment and I believe this indicates that the adjust-
ment is incorrect. For instance, as between Mer-
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had been correctly made, the operatives at the Mer-
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be able to make the same hourly wage because their
base rates are the same. So I attribute it to the
fact that the goods for one reason and another run
more easily at the Merchants mill than they do at
the Hochelaga mill.
BY MR. McNEIL: Q. Let me see if I can summarize
that, Mr. Tassenden, in this way, that a basis
rate for the two mills is established as the basis
mills may not be equitable to the employees working
in some mills because of the different conditions
any, the working conditions in the mills may be
different ?
A. Yes.
Q. And the employees working in one mill on
account of the machinery, the way it is kept up, the
lighting and atmospheric conditions, all the con-
ditions of the mill, may be able to work faster and
make more money than the employees in another mill
rate for both mills then their pay is going to be

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different at the end of that week ? A. I think I do not go so far as to say Dominion Textiles make any difference as between one mill and another.

5 Q. Well, as between these two mills, the basic rate is the same ? A. Yes, but I do not say they make any difference in the base rate or the machine assignment for the same work or the same product.

10 Q. Whether they made it or not that is the result ? A. I would judge that it is not based on an adequate study of the mills in question.

BY THE COMMISSIONER: Q. That is, there is room for improvement ? A. Yes, my lord.

15 MR.McRUER: That completes page 18 I think. Then, we go on to page 19.

"Wabasso, Hochelaga, Montmorency, Sherbrooke and Ontario mill in Hamilton were all earning less per unit of real work than were the spinners studied at the Merchants Mill.

20 "On the basis of earnings per unit of actual work the Merchants mill spinners were on the same relatively high level as the spinners studied at the York Knitting Mills in Toronto", and from the figures we had yesterday York Knitting Mills, I think, on their earnings per hour were quite above all the others ?

25 A. Yes, that is shown right here, Mr.McRuer.

Q. Yes, we are coming to that.

30 "These latter spinners were receiving the highest hourly rate of pay of any spinning

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different at the end of that week ?
A. I think
I do not go so far as to say Dominion Textiles make
any difference as between one mill and another.
Well, as between these two mills, the basis
rate is the same ?
A. Yes, but I do not
say they make any difference in the base rate or the
machine assignment for the same work or the same
product.
Whether they made it or not that is the
result ?
A. I would judge that it is not
based on an adequate study of the mills in question.
BY THE COMMISSIONER: Q. That is, there is
no basis for comparison ?
A. Yes, my lord.
Then, we go on to page 16.
and Ontario mill in Hamilton were all earning
less per unit of real work than were the spin-
ners studied at the Merchants Mill.
"On the basis of earnings per unit of
actual work the Merchants mill spinners were
on the same relatively high level as the spin-
ners studied at the York Knitting Mills in
Toronto", and from the figures we had before
us York Knitting Mills, I think, we find earnings
per unit of real work all are about
the same, I think, as the figures we had before
us. Yes, we are talking on the
the highest hourly rate of pay of any spinning

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group studied. Their hourly rate was 35.7 cents per hour as against:

	30.8	cents	per	hour	at	Merchants
x	29.6	cents	per	hour	at	Hamilton Cottons
	28.3	"	"	"	"	Ontario Mill
	27.3	"	"	"	"	Hochelaga
	26.0	"	"	"	"	Montmorency
	25.2	"	"	"	"	Sherbrooke
	24.6	"	"	"	"	Wabasso (girls)"

Opposite Hamilton Cotton there is a note "No studies taken at this mill (weave room closed day we were there)".

"A most important point to note is that while the spinners at the York Knitting were earning 16% more per hour the real unit of work performed by them was costing a fraction of a cent less than the similar work performed by the spinners at Merchants Branch."

What do you mean by that paragraph? A. I mean that we measured the intensity of the way these people were working and the percentage of the hours they actually worked as against the time they were idle and combining those two factors and getting a single measurement of the real work done, that such a unit of real work done there cost practically the same at the mill paying 35.7 cents per hour as at the mill paying the lower rate.

Q. The lower rate being 30.8 cents? A. Yes.

Q. Now, let me see if I understand that, that due to the working conditions -- and we will say that embraces all the different elements that come into working conditions -- the workers in the York Knitting were able to earn 16 % per hour more than

Group studied. Their hourly rate was 35.7

and not more as follows:

24.6	"	"	"	24.6	x
25.2	"	"	"	25.2	
26.0	"	"	"	26.0	
27.3	"	"	"	27.3	
28.5	"	"	"	28.5	
29.6	"	"	"	29.6	
30.3	"	"	"	30.3	
31.5	"	"	"	31.5	
32.7	"	"	"	32.7	

Opposite Hamilton Cotton there is a note "No studies taken at this mill (weave room closed day we were there)".

"A most important point to note is that while the spinners at the York Knitting were earning 10¢ more per hour the real unit of work performed by them was costing a fraction of a cent less than the similar work performed by spinners at Merchants Branch."

What do you mean by that paragraph? A. I mean that we measured the intensity of the way these girls were working and the percentage of the hours they actually worked as against the time they were idle and combining these two factors and getting a single measurement of the real work done, that such a unit of real work done there cost practically the same at the mill paying 35.7 cents per hour as at the mill paying 24.6 cents.

4. The lower rate being 25.8 cents? A. Yes. 5. Now, let me see if I understand that, that due to the working conditions -- and we will say that embraces all the different elements that come into working conditions -- the workers in the York Knitting were able to earn 10¢ per hour more than

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the workers at the Merchants Branch but it cost the company only a fraction of a cent less in actual cost to the company? in the opinion of A. Yes.

Now, you might just explain how that is brought about?

THE COMMISSIONER: You say it cost the company a fraction of a cent less?

MR. McRUER: It cost the York Knitting Mill a fraction of a cent less than similar work performed by the Merchants Branch.

THE COMMISSIONER: Although the workers earned more.

MR. McRUER: Although they paid the workers more. How is the workers efficiency raised so that the company actually makes money out of paying the worker more although paying the worker more? A. That is covered --

A. As we go on? A. Yes.

Q. I see, all right.

"This was directly traceable in my opinion to the success of York Knitting policy of wage payment involving calculations and decisions on work and pay in the open" --

THE COMMISSIONER: Decisions in the open.

MR. McRUER: In the open.

THE COMMISSIONER: Should we find out what that means?

MR. McRUER: We will pause for a moment to explain it later on after I have read the rest of the paragraph.

-- according to rigid, well understood rules which

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the workers of the Merchants Branch but it cost the
company only a fraction of a cent less in actual cost
to the company?
A. Yes.

about?

THE COMMISSIONER: You say it cost the company a
fraction of a cent less?

fraction of a cent less than similar work performed
by the Merchants Branch.

THE COMMISSIONER: Although the workers earned
more.

MR. MORRIS: Although they paid the workers more
now is the workers efficiency raised so that the cost

although paying the worker more?
A. That is

covered --

.. as we go on?
.. I see, all right.

"This was directly responsible in my opinion
to the success of York Knitting policy of work

payment involving calculations and decisions
work and pay in the open"

THE COMMISSIONER: Decisions in the open.
MR. MORRIS: In the open.

THE COMMISSIONER: Should we find out what
MR. MORRIS: We will pause for a moment to ask

it later on after I have read the rest of the report
according to this, will understand the

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bind management as well as workers. Ample allowance was made to cover idle time for the spinners in the standard times for the various counts of yarn. If they worked at this very moderate standard pace they would make the basic wage of 28 cents per hour. This was the highest basic wage found in effect at any of the eight Canadian mills visited. The point of distinction is that, in common with the Hamilton Cotton Company, the York Knitting Mills follow the definite policy of encouraging earnings above this easily attained basic wage. They do this by guaranteeing the standard time and adjusting machine assignments to allow extra earnings to those operatives who are anxious and able to earn them. For the whole department of spinners those extra wages are running at 27 1/2 % of the base rate which is itself, as pointed out, a relatively high wage even before any bonus or premium is added.

"The other end of the range, from the point of view of payment per unit of real work, is the warp spinning at the Wabasso mill in Three Rivers. Those operatives are doing approximately the same amount of real work per hour as the York Knitting spinners. They are earning, however, 10% less per hour than the average rate for the other Quebec spinning groups studied.

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bind management as well as workers. Ample allowance was made to cover idle time for the spinners in the standard time for the various counts of yarn. If they worked at this very moderate standard pace they would make the basic wage of 23 cents per hour. This was the highest basic wage found in effect at any of the eight Canadian mills visited. The point of distinction is that, in common with the Hamilton Cotton Company, the York Mills Mill follow the definite policy of encouraging earnings above this easily attained basic wage. They do this by guaranteeing the standard time and adjusting machine assignments to allow extra earnings to those operatives who are anxious and able to earn them. For the whole department of spinners these extra wages are running at 27 1/2 % of the basic rate which is itself, as pointed out, a relatively high wage even before any bonus or premium is added.

"The other end of the range, from the point of view of payment per unit of real work, is the warp spinning at the Webbs Mill in Three Rivers. Those operatives are doing approximately the same amount of real work per hour as the best spinning operatives, but are earning, however, 10% less per hour than the average rate for the same work.

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"In the weft spinning at Wabasso, the real units of work performed per hour were only about 6% less than in warp spinning".

5 A. Excuse me, Mr. McRuer, now I am switching to the other spinning department at the same mill. There is a distinction between weft spinners and the warp of which we have just been speaking.

10 Q. "The hourly rate of pay is the same in both warp and weft. The department, therefore, also shows a lower level of pay for work actually done than to the other Quebec companies.

15 "In the weaving departments of Canadian mills where studies were made there was not the same marked difference in pay per unit of real work. No studies were taken at the Hamilton Cotton Company as the weave room was not operating on the day we were there. The York Knitting Company does not do weaving.

20 "The pay per unit of real work done was quite uniform for the other mills (including the Ontario mill of Canadian Cottons in Hamilton). The only variations of more than 4% or 5% either way were the group studied at the Merchants Branch which was 10% above the average level of pay on this basis and the four groups of weavers studied at the Wabasso mill which were 10% below the average."

25 Now, to go back for a moment and get a little further explanation of how the workers at the York

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...the ...
...units of work performed per hour were on
...about 25 less than in warp spinning".
...Mr. ... now I am switching to ...
...other spinning department at the same mill. It is
...is a distinction between warp spinners and the warp
...of which we have just been speaking.
...C. "The hourly rate of pay is the same in
...both warp and weft. The treatment, therefore, is
...shows a lower level of pay for work actually
...done than for the other types of work.
..."In the weaving department of Canadian
...mills where studies were made there was not
...any marked difference in pay per unit of work
...done. No studies were taken at the Hamilton
...Cotton Company as the weave room was not operating
...on the day we were there. The York
...Knitting Company does not do weaving.
..."The pay per unit of work done was
...quite uniform for the other mills (including
...the ...
...Hamilton). The only variations of more than
...4% or 5% either way were the groups studied
...at the Monarche plant which was 10% above
...average level of pay on this basis and the
...four groups of weavers studied at the ...
...mills which were 10% below the average."
...for a moment and get a little

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Knitting Mills earn 16% percent more while it really in the long run cost the company a fraction of a cent less per hour than in the Merchants, for instance ?

A. Yes; with the object of saving time, my lord,
5 might I suggest we go on because I think when the rest of the report is read that will be completely covered.

THE COMMISSIONER: All right, if it is there
that is fine.

10 MR. McRUER: "WORKING CONDITIONS.

"The cotton textile industry required an abnormal amount of humidity in the air, in order that the yarn may run with a minimum of breaks."

15 THE COMMISSIONER: A minimum of what ?

MR. McRUER: Breaks. "Also, it is characteristic that weave rooms, spinning departments, slashing and finishing departments are hot
20 unless kept cool by the outside weather or by artificial means, which up to the present have been very expensive. In addition, the inevitable presence of lint in the air is unpleasant when people are not accustomed to it. The noise of the machinery is equally unpleasant until
25 one becomes used to it.

"These unpleasant working conditions strike one forcibly when first entering a cotton textile mill, but it is not judged that they are a serious factor in the life of a worker in those
30 mills. At the same time, in view of the attention being given to the development of air

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conditioning equipment it may be anticipated that there will be a trend on the part of the more progressive mills to install this and thus improve the working conditions, as well as improve the processing of the yarn through more precisely controlled atmospheric conditions.

"Already the Merchants Branch of the Dominion Textile Company has an installation of such equipment, as has one of the Southern mills visited. The result in both cases appears satisfactory. Owing to the extremely hot weather when some of the Canadian mills were investigated and the cool weather when American mills were visited, it is impossible to give any fair comparison of these conditions in the two countries."

MR. GORDON: Montmorency Mill has that too.

MR. McRUER: Air conditioning?

MR. GORDON: Yes.

MR. McRUER: " THE PRINCIPAL FINDING
OF THIS REPORT

Outline of Industrial
Relations and Wage Pay-
ment Policy Found Most
Satisfactory.

"1. The main criticism which this report suggests is, as is inferred in the introduction, the policy of some of the Canadian companies investigated with respect to their employees.

"This criticism in my opinion constitutes the heart of this report.

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could the ing equipment it may be anticipated
that there will be a trend on the part of the
more progressive mills to install this and the
improve the working conditions, as well as im-
prove the processing of the yarn through more
precisely controlled atmospheric conditions.

"Already the Warrenton Branch of the
Canadian Textile Company has an installation
such equipment, as has one of the northern
mills visited. The result in both cases ap-
pears satisfactory. During the extremely
hot weather when some of the Canadian mills were
investigated and the cool weather when Amer-
ican mills were visited, it is impossible to
give any fair comparison of these conditions
in the two countries."

MR. GORDON: Montmory will has that too.

MR. GORDON: Air conditioning?

MR. GORDON: Yes.

MR. GORDON: "The New York Times"
has a story.

Editorial of Montreal

Editorial.

1. The main criticism which this report
states is, as is indicated in the introduction
the policy of some of the Canadian companies
investigated with respect to their employees.
This criticism is my opinion and should
be based on this report.

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"This particular criticism is directed against the Dominion Textile Company, the Canadian Cotton Company and the Sabasso Cotton Company, but not on the grounds that they generally overwork their employees or that, in what I consider too arbitrary decisions, they act in a definitely unfair way towards them.

"The criticism again is not based on the grounds that these companies refuse to hear and consider the opinions and complaints of their employees.

"The criticism is that these companies have apparently failed to realize that a very severe strain has been placed on their relations with their employees because of the great technological changes which have taken place in this industry since about 1923."

You discuss here the complaints of the employees more or less and the relation of the companies to these complaints. On what do you found your information as to the complaints of the employees? A. I don't understand your question.

Q. You say here "The criticism again is not based on the grounds that these companies refuse to hear and consider the opinions and complaints of their employees". On what do you found your information as to complaints of the employees, and how their complaints have been dealt with by the company? A. I do not make any finding on that. I simply made

a negative statement. I was not criticizing anything in connection with that.

Q. I just want to be clear on that. I rather sort of thought you were absolving them? A. No, I was simply saying I have not gone into that. I have had their explanation but I had no opportunity to see how they dealt with their employees. That would be impossible.

Q. You had no opportunity to hear from the employees how they thought they had been dealt with? A. No, I felt the Commissioner had that information direct from the employees.

Q. As you suggest your criticism that you are making is independently of any such relations but at another point altogether? A. Yes, Mr. McKelvey.

Q. I just want to be clear on that. Then, when you say in your report that "nothing is unusual" relations and wage payment policy found most satisfactory, and that "nothing is unusual" that you were finding that their industrial relations with the employees were most satisfactory? A. I beg your pardon?

Q. I say that this heading would suggest that you were finding that their industrial relations with the employees were most satisfactory? A. I did not mean that, Mr. McKelvey.

Q. I thought probably you did not because I thought that is a heading which is not unusual. I thought that was a heading which is not unusual. I thought that was a heading which is not unusual.

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inference from that heading -- I don't understand your statement.

Q. The heading reads "Outline of industrial relations and wage payment policy found most satisfactory" ?

A. Which is the heading of what I am about to explain. That is the heading of the Section.

A. I see, you mean these are the features --

THE COMMISSIONER: He is going to show us what relations he found to be most satisfactory; is that what you mean ?

A. Yes, my lord.

MR. McRUER: It is just the wording, that one reading the heading without reading the body of it might get a mistaken idea of what you were meaning.

Then, we go on:

"These changes have been so radical that the cotton textile industry as selected by the Institute of Human Relations of Yale University as a fit subject for the study of the effects of technological change in industry on human relations.

"Workers in common with people generally are upset by changes which affect their life in important ways. Unless the reasons for any change, for example in work assignment or in piece rate, is explained to a worker or to somebody in whom he has confidence in such a way that he sees the logic and the fairness of the change, he is bound to be upset. Even if it is explained to him he may be upset, but

inference from that fact -- I don't understand
your statement.

The heading reads "Outline of Industrial Re-
lations and some general points of view."

A. Which is the heading of what I am
about to explain. That is the heading of the section
-- I see, you mean these are the features --

THE COMMISSIONER: He is going to show us what
relations he found to be most satisfactory; is that
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MR. BRYDIE: It is just the wording, that one
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body in whom he has confidence in such a way
and by some one whom he respects and the
of the change, he is bound to be upset. Even
it it is explained to him he may be upset, but

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the chances are reduced. An accumulation over a period of years of such changes without any real attempt at an explanation which would show the worker that his real wage is still going to improve as his own effort improves, will bring trouble sooner or later, in the light of experience.

"The following then are submitted as requirements which any cotton textile company under present conditions should meet with respect to its industrial relations policy:"

Now, do you get these as a matter of investigating these mills or rather general conclusions --

A. I get these from interviews with Canadian mills which have been successful in their industrial relations policy. I get them as a result of interviews in the States with textile engineers, with university people studying the problems of human relations, the problems resulting from technological change, and all the interviews I had are given here almost word for word, carefully indexed so that the Commissioner will be able to say whether my report is purely my own theory or whether it is based on actual information given to me in the States and in Canada.

Q. Just to summarize it; how far were you able to get the views of the workers in any organized way? A. I got the views of the workers to a very limited extent from Mr. Battie who is the Secretary, as I explained yesterday, of a number of craft unions in the textile industry in New Bedford.

the chances are renewed. An accumulation over a period of years of such changes with any real attempt at an explanation which show the worker that his real wage is still going to improve as his own effort improves will bring trouble sooner or later, in the light of experience.

The following then are submitted as arguments which any cotton textile company or present conditions should meet with to its industrial relations policy:

Now, do you get these as a matter of investing in the mills or rather general considerations --

I get these from interviews with Canadian mills which have been successful in their industrial relations policy. I get them as a result of interviews with the States with textile engineers, university people studying the problems of human relations, the problems resulting from technological change, and all the interviews I had are here almost word for word, carefully indexed so that the Commissioner will be able to say whether my report is purely my own theory or whether it is based on actual information given to me in the States.

Just to summarize it; how far were you

the views of the workers in any organized

the views of the workers to a

in the textile industry in New Bedford.

Q. These craft unions that you speak of, they are workers' unions? A. Yes.

Q. They are not these combined organizations of workers and employers? A. No.

Q. They are workers' Unions? A. Workers' unions, but they are old established ones.

BY THE COMMISSIONER: Q. What do you call them? A. Craft unions.

MR. McRUER: Then, we go on.

"1. Work should be measured in such a way that a standard time is arrived at for doing each operation under the existing conditions. This standard time should be based on a normal rate of working. It should include an allowance for rest or fatigue in logical relation to the operation and all conditions surrounding it. It should be retailed in such a way that when a part of the operation is changed, the standard time for the part which has not changed can be shown as remaining constant, while the change is reflected in a logical adjustment to the standard time for the changed part of the operation. To put this shortly, standard times should be based on a constant and reasonable tempo of work. Any actual work performed at a faster tempo should be guaranteed its reward."

Now, what I take from that you mean is that in setting the rate you should have in mind the particular condition under which the worker is going to work first

in the textile industry in New Bedford.

workers and employers ?

4. They are workers' unions ?

unions, but they are old established ones.

BY THE COMMISSIONER: Q. What do you call them

17. Work should be measured in such a way

that a standard time is arrived at for doing

work, and the worker is paid on the basis of that

This standard time should be based on a normal

rate of working. It should include an allowance

for rest or fatigue in logical relation to the

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part of the operation is changed, the standard

time for the part which has not changed can be

shown as remaining constant, while the change

is reflected in a logical adjustment to the

standard time for the changed part of the operation.

Q. To put this shortly, standard times

should be based on a constant and reasonable

of work. Any actual work performed at a faster

tempo should be guaranteed its reward."

Q. What I take from that you mean is that in setting

and what you should have in mind the particular conditions

of work which the worker is going to work first

in the particular mill ? A. In figuring a reasonable allowance for fatigue.

Q. Well, in figuring -- I mean all the conditions in regard to the type of machinery he has got to work with and everything else must be taken into consideration in setting the rate ? A. So far we are just speaking about standard time, Mr. McRuer.

Q. What do you mean by standard time ? A. Well, the arriving at a standard time of say 10 minutes to bind that book.

Q. Oh, I see, or we will take the time of weaving a yard of cloth ? A. Yes, weaving one thousand picks of cloth, a certain kind of cloth would be so many minutes.

Q. Then, we go on to 2.

"2. When a standard time for any operation has been arrived at the workers should be guaranteed that this standard time will not be changed unless the operation itself is changed in such a way as can be pointed out beyond dispute to the operative. To avoid misunderstanding at this point the conditions existing at the time of the setting of the time standard should be recorded in such a way that there can be no doubt as to whether the essential conditions at some later date have or have not changed.

"Very definitely increased earnings on a particular operation or in a particular department must not lead to a changing in the standard times underlying the piece rates."

to answer

A. In figuring a man's

allowance will?

is allowance for fatigue.

.. Well, in figuring -- I mean all the conditions

in regard to the type of machinery he has got to

work with and everything else must be taken into con-

sideration in setting the rate?

Just speaking about standard time, Mr. McNair.

.. What do you mean by standard time?

the arriving at a standard time of say 10 minutes to

and that book.

.. Oh, I see, or we will take the time of weaving

a yard of cloth?

and picks of cloth, a certain kind of cloth would be

we can find out.

.. Then, we go on to 2.

"2. When a standard time for any operation is a

been arrived at the workers should be guaranteed

that this standard time will not be changed un-

less the operation itself is changed in such a

way as can be pointed out beyond dispute to the

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setting of the time standard should be recorded

in such a way that there can be no doubt as to

whether the essential conditions at some later

date have or have not changed.

Very definitely increased earnings on a

higher operation or in a particular department

must not lead to a change in the standard time

maintaining the same rate."

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That is, that if a standard time is set and then the worker gets up to a point where he is increasing his wages then the standard time should not be reduced?

A. If it is changed there is no quicker way of breaking a worker's heart and making him obstruct any methods, or proposed methods or proposed machines, which might increase his productivity.

Q. I see, and I take it -- I think it is quite clear from what you say that one of the essential things is that the worker shall know what the standard time is and on what rate he is paid? A. Yes, Mr. McRuer.

Q. I think you are quite emphatic about that in what you say? A. Yes, quite. A. Quite.

Q. 3. Quite distinct from the standard time to perform an operation must be established a basic wage for each operation. The principle here is that the management undertakes to maintain conditions such that the work can be done by a normally skilled operative taking normal rest, in the standard time, and that at the piece rate set such employee will earn the basic wage. Naturally, an employee who works faster than a normally skilled employee, or who works with less than normal fatigue time, earns correspondingly above such basic rate.

4. -- This basic rate for each operation should be carefully set, relative to other basic rates in the mill on a careful analysis of the skill required for the work, the working conditions for that operation and other points which bear

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That is, that if a standard time is set and then the worker gets up to a point where he is increasing his wages then the standard time should not be reduced?

A. If it is changed there is no quicker way of breaking a worker's heart and making him obstruct methods, or proposed methods or proposed machines which might increase his productivity.

... I see, and I take it -- I think it is quite clear from what you say that one of the essential things is that the worker shall know what the standard time is and on what rate he is paid? A. Yes.

Mr. McNamee. ... I think you are quite explicit about that in what you say?

... quite distinct from the standard time to perform an operation must be established a wage for each operation. The principle here is that the management undertakes to maintain conditions such that the work can be done by a normally skilled operative taking normal rest, in standard time, and that at the piece rate set employees will earn the basic wage. Naturally, ...

... This basic rate for each operation should be carefully set, relative to other basic rates in the mill on a careful analysis of the skill

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upon this question."

MR. GORDON: I think sir, if I might interrupt you mean basic wage there, don't you, instead of rate? Would I interpret that to mean wage?

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THE WITNESS: Well, I rather used words --

MR. GORDON: You use the word "wage" just above.

THE WITNESS: It is the same thing. I should use the same word throughout.

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BY THE COMMISSIONER: Q. It should be "wage"?
A. Well, I consider basic wage per hour or basic wage per standard week means the same thing.

Q. The one produces the other? A. Yes.

MR. GORDON: I was thinking of a piece work rate.

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THE COMMISSIONER: Yes, there is that.

BY MR. McRUER: Q. But you are dealing with the basic wage, that is, what he would earn under those normal conditions? A. For any unit of time whether an hour or a standard week.

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Q. "5. Unless a fair allowance is made in arriving at the standard time for an operation to take care of unusual delays or down time on machines for reasons beyond the operative's control, there should be provision for paying the operative separately for such delays at the basic wage in addition to his earnings on the production which he actually turns out.

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6. An important point is that the management undertakes to abide by the principles on which the operatives are paid, so that arbitrary illogical decisions on matters of pay by the

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upon this question."

MR. GORDON: I think sir, it I might interrupt
 You mean basic wage there, don't you, instead of rate

MR. GORDON: Well, I rather used words --

MR. GORDON: You use the word "wages" just above

MR. GORDON: It is the same thing. I should

use the same word throughout.

BY THE COURT: It should be "wages"?

A. Well, I consider basic wages per hour or basic pay

per standard week means the same thing.

The one process the other? A. Yes.

MR. GORDON: I was thinking of a piece work rate

MR. GORDON: Yes, there is that.

BY MR. GORDON: But you are dealing with the

basic wage, that is, what he would earn under these

normal conditions?

A. For any unit

of time whether an hour or a standard week.

A. Unless a fair allowance is made in

arriving at the standard time for an operation

to take care of unusual delays or down time or

machines for reasons beyond the operative's

control, there should be provision for paying

the operative separately for such delays as

the basic wage in addition to his earnings on

the production which he actually turns out.

A. An important point is that the management

undertakes to abide by the principles on which

operatives are paid, so that arbitrary illegi-

cal decisions on matters of pay by the

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management become clearly open to criticism.

7. These principles are designed to protect the management against unnecessarily high labour cost, and also to protect the worker so that he may benefit according to his real deserts.

"An important point in this whole question as far as it relates to the maintenance of satisfactory employer-employee relations lies in the way in which the workers are taken into the confidence of the management on these details affecting their pay.

"The actual method by which this contact is arranged appears to be immaterial, and must depend to a great extent on the education of the worker, and their eagerness to understand details in connection with their wages.

"It is the consensus of informed opinion in the United States, as well as in the Canadian companies operating on this basis, that it is essential that the workers have an opportunity to discuss and criticize the detailed working out of their time standards and piece rates, or else that they must be made aware that such criticism is being made when necessary on their behalf by someone who enjoys their confidence."

Now, when you say it is the consensus of informed opinion in the United States as well as in the Canadian mills operating on this basis, what do you mean by Canadian mills operating on this basis ?

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the management against unnecessarily high labour
cost, and also to protect the worker so that he
may benefit according to his real deserts.

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behalf by someone who enjoys their confidence
Now, when you say it is the consensus of informed
opinion in the United States as well as in the Can-
adian mills operating on this basis, what do you mean
by Canadian mills operating on this basis ?

A. Of the mills I visited the Hamilton Cotton Company and the York Knitting mills operate on a scheme which fits into this general description.

Q. That is, of having a basis of piece work pay that is worked out and open to the workers to know and understand the details of how it is worked out?

A. Every point that I have brought out here, including the one you mention, is taken care of in their policies.

Q. So what you say here and commend is not a theory of your own but one that you say in actual operation in these two mills in Canada ? A. Yes, Mr. McRuer, and in many other places.

BY THE COMMISSIONER: Q. Pardon me, what are the two mills again ? A. The Hamilton Cotton Company and the Yrok Knitting Mills in Toronto.

BY MR. McRUER: Q. And the York Knitting Mills is the mill that paid -- that stood at the top of the list of hourly earnings ? A. Yes, in the spinning department.

Q. In the spinning department ? and is this also followed -- you refer to it in the United States too. Did you find it in actual operation in the United States mills ?

A. I found the principles supported in the United States but I did not come across an actual mill which had worked the thing out as skilfully, in my opinion, as the York Knitting Mills, and I believe the Hamilton Cotton Company, although I was only there one day, and did not

A. Of the mills I visited the Hamilton Cotton Com-
pany and the York Knitting Mills operate on a system
which fits into this general description.

... that is, of having a basis of piece work pay
that is worked out and open to the workers to know
and understand the details of how it is worked out?

A. Every point that I have brought out here, in-
cluding the one you mention, is taken care of in the
policy.

... so what you say here and command is not a
theory of your own but one that you say is actual
operation in these two mills in Canada?
Yes, Mr. McGee, and in many other places.

BY THE CHAIRMAN: Is it possible, Mr. McGee, that the
mills in Canada are not working under the same system?

BY MR. MCGEE: Yes, and the York Knitting Mills
in the mill that paid -- that stood at the top of
the list of hourly earnings?

... in the spinning department? And is this a
followed -- you refer to it in the United States?

And you find it in actual operation in the United
States mills?

principles supported in the United States but I
... thing out as actually, in my opinion, as the York
Knitting Mills, and I believe the Hamilton Cotton
any, although I was only there one day, and did not

have the same opportunity to study it as I did at the York Knitting mills.

Q. "Above all, it is true, as pointed out by Mr. Nyman of the Institute of Human Relations, who has made a study of this problem for this industry over a period of years, that 'negotiations between industry and labour cannot merely be ordered, but must be cultivated. Such relationships must be based upon, and prefaced by, a long period of mutual education and mutual understanding as well as mutual confidence.'"

Then, the next heading is

"CHANGES IN MACHINE ASSIGNMENTS
AS SEEN IN PERSPECTIVE AND WITH
A KNOWLEDGE OF THE PERTINENT FACTS."

"From about 1921 there has been an accelerated trend, both in Canadian and American cotton textile mills in the direction of improved machinery, more careful adjusting of machinery and a general all-round improvement in attention to details affecting the quality of the yarns. As a result of these improvements year after year, the amount of work required of an operator to tend one loom on any given cloth, or to tend one spindle on any given yarn, has decreased. At the same time a study of the work done by weavers and spinners was carried on and many operations of an unskilled nature were taken away from these skilled operatives and handed over to less skilled operatives. Scientific standards of machine adjustment were set and machines

have the same opportunity to study it as I did at the
York Knitting Mills.

"Above all, it is true, as pointed out by Mr.
Warden of the Institute of Human Relations, who
has made a study of this problem for this insti-
tute over a period of years, that 'negotiations
between industry and labour cannot merely be
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ships are based upon, and protected by, a long
period of mutual education and mutual under-
standing as well as mutual confidence.'"

Then, the next heading is

SPINNING IN CANADA
AS SHOWN IN PERSPECTIVE AND
A BRIEF HISTORY OF THE INDUSTRY

"From about 1821 there has been an accel-
erated trend, both in Canadian and American cotton
textile mills in the direction of improved ma-
chinery, more careful adjustment of machinery and
a general all-round improvement in attention to
details affecting the quality of the yarns. As
a result of these improvements year after year,
amount of work required of an operator to tend
one loom on any given cloth, or to tend one
spindle on any given yarn, has decreased. At the
same time a step of the work done by weavers and
spinners was carried on and many operations of

machine work have been done by hand
and some of the work done by hand
has been done by machine.

maintained accordingly. Working methods and details were improved in the light of careful study in the mills.

5 "The results of these changes can be seen in the constantly increasing number of spindles and of looms which can be tended by one operative with no increased effort. Both from observation in the mills where the work is still carried on according to the old unspecialized method, and from the evidence of textile engineers who have actually studied the real work done by operatives under the conditions of ten years, or more, ago, and compared it with the real work done to-day, it can be stated that
10 generally speaking the tendency, as the machines per operative increased, has been towards a decrease in the real work required of the operative, per hour.

20 "Apart from instances where mills undertook to carry on this change in assignments without adequate study and improvement of conditions in their own mills, relying simply on general results obtained in other mills, the only legitimate criticism is that the changes were carried
25 on without adequate explanation to the operatives concerned. This has resulted in a great deal of misunderstanding and unrest, not to any extent connected with a real increase in work demanded of
30 the operative.

"If these same improvements in machinery

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to carry on this change in assignments without adequate study and improvement of conditions in their own mills, relying simply on general results obtained in other mills, the only legitimate criticism is that the changes were carried on without adequate explanation to the operative concerned. This has resulted in a great deal of misunderstanding and unrest, not to any extent with a real increase in work demanded of the operative.

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and in processing had been carried on without changing the assignments of machines per operative it is quite obvious, from the results of our studies, that operatives would now be standing idle for a majority of their time." Now, I want to just get a bit of explanation of the preceding paragraph. You say:

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Apart from instances where mills undertook to carry on this change in assignments without adequate study and improvement of conditions in their own mills, relying simply on general results obtained in other mills, the only legitimate criticism is that the changes were carried on without adequate explanation to the operatives concerned."

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Now, what mills are you referring to that carried on the changes without adequate study? A. That statement was based largely on the information I obtained in the United States. I asked the different men that I came in contact with what trouble had arisen as this work was carried out, and to what extent there had been over-working of the employees, and I took the question up, that same question with a government investigator whom I interviewed for a day and a half in Washington, and the consensus of the opinions was that there was no over-working of the employee except in cases where a mill simply saw that perhaps somebody in the same town was working on a given number of machines for

changing the assignments of machines per operator it is quite obvious, from the results of our studies, that operators would not be standing idle for a majority of their time." Now, I want to just get a bit of explanation of the preceding paragraph. You say:

Apart from instances where mills undertook to carry on this change in assignments without adequate study and improvement of conditions in their own mills, relying simply on general results obtained in other mills, the only legitimate criticism is that the changes were carried on without adequate explanation to

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one operative and they said "well, we are going to do the same thing", and they started to do it without doing all the preliminary work necessary to allow that machine assignment to be tended by the operative with a reasonable amount of work per hour.

Q. What I would like to know is what views of the employees you got ? A. I did not interview the employees .

Q. You did not; this is the conclusion that you arrived at from what you were told by others than employees ? A. I obtained it from the people who had been studying this thing, who have been measuring it. The employees have not measured it.

Q. They probably measure it with their backs sometimes ? A. Yes, and these engineers themselves admit there have been many cases where their backs have suffered, but I must obtain scientific information of that kind from the people that make the studies.

Q. Yes, but what I want to be clear is that it is not a view that is expressed by employees ? A. No, but if there is any idea that these engineers are getting the last ounce out of employees, that has been done, and your view, is you have that view, is justified to that extent. There has been great abuse of the taking of time studies and setting of these standards and the setting of piece rates, but the whole trend now is that the engineers doing this work, if anything, are fighting for the employees because they realize that unless the employees really feel

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with a reasonable amount of work per hour.

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frustrated to that extent. There has been great stress

standards and the setting of piece rates, but the
of the taking of time studies and setting of these

whole trend now is that the engineers doing this work

They believe that the only way to

the work is fair that they will not do their best,
and without doing their best their productivity cannot
be what it should be.

5 4. That ought to be the basis, at any rate; there
is no doubt about that? A. That is what I
found.

THE COMMISSIONER: Then, we will have a rest.

10 -- The Commission adjourned for a short recess.

Page 13585 follows.

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and ...
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... the Commission will have the same result.

Page 125585 follows.

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MR. McRUER: Q. Then to go on with page 26, Mr. Fessenden, at the remainder of the paragraph I just referred to:

"the only legitimate criticism is that the changes were carried on without adequate explanation to the operatives concerned."

Are you referring there also to what you learned in the American Mills? A. Yes, Mr. McRuér. As one man in the States said to me, he said "We are suffering to-day for the sins of our forefathers," or some such explanation, his idea being that they had neglected to pay sufficient attention to giving these workers the things they were entitled to in the way of information about their work and now, although the better ones had changed, they are still suffering and the whole country suffers from the fact that wrong ideas are still out.

Q. Well, does this apply to the Canadian Mills or are you speaking of American mills entirely?

A. I am speaking about both Canada and the United States.

Q. Well, where did you get your information as to the fact contained in the first paragraph:

"Apart from instances where mills undertook to carry on this change in assignments without adequate study and improvements of conditions in their own mills, relying simply on general results obtained in other mills."

Then to go on with page 28,

"the only legitimate criticism is that
the changes were carried on without
adequate explanation to the operatives

concerned."

Are you referring there also to what you learned in

the last time?

As one man in the States said to me, he said "we are

suffering to-day for the sake of our forefathers,"

or some such explanation, his idea being that they

had neglected to pay sufficient attention to giving

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Well, where did you get your information as

the fact contained in the first paragraph:

"Apart from instances where mills understood

to carry on this change in assignments with

the same way and understood it

in the same way, the change was

Does any part of that apply to Canada. Have you any mills, Canadian mills in mind or was your information from American mills? A. Well, I was surprised to find that I did not find more instances of over heavy work load in the Dominion Textile Company, 5 Kabasso Cotton Company and the Canadian Cotton Company, who did not, in my opinion, make sufficient studies in individual mills but I have given a resume of my studies and, as you can see, there are only a few 10 where really excessive work load exists. So then I make this general statement that in my opinion, based on what I have been told and seen, that the general condition in both Canada and the United States is that 15 "Apart from instances where mills undertook to carry on this change in assignments without adequate study and improvement of conditions in their own mills, relying simply on general results obtained in other mills, the only legitimate criticism is that the changes 20 were carried on without adequate explanation to the operatives concerned."

Q. Well, at any rate I am wondering where you got the criticism that they were carrying on without adequate 25 explanation to the operatives concerned -- Where did you get the information in regard to that? A. You mean I having had an opportunity of finding out ---

Q. No, I am not meaning anything, I am asking you 30 the question - where did you get the information?

A. I can go over all that in detail but the detail is in here.

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mation from American mills? A. Well, I was
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Q. No, I am not meaning anything, I am asking you
the question -- why did you not get the information
I am asking you -- why did you not get the information

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Q. I mean in Canada did you interview any workers?

A. No, I---

Q. Or their organization?

A. We interviewed overseers and superintendents.

5 Q. I am not talking about people who are over -

I am talking about people who do the work? A. May

I just continue the point I am just trying to make -

if we find the overseers did not have the information,
10 how could the workers get it?

Q. That is a fact that you did find that the over-
seers did not have the information? A. And we
state that.

15 Q. So that the overseers could not impart it to
the workers even if they had asked? A. In my
opinion the overseers in the three companies mentioned
did not have sufficient information to carry on
such a plan of industrial relations as I have laid out
20 as advisable.

Q. "If these same improvements in machinery
and in processing had been carried on without
changing the assignments of machines per
operative it is quite obvious, from the
25 results of our studies, that operatives would
now be standing idle for a majority of their
time."

Of course, the change in machines over that period of
30 time was from non-automatic to automatic looms for one
thing? A. That was one thing, one of many.

Q. I mean in Canada did you interview any workers

Q. Or their organizations?

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I am talking about people who do the work? A. Yes.

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Q. If these same improvements in machinery

and in processing had been carried on without

changing the assignments of machines per

operative it is quite obvious, from the

results of our studies, that operatives would

now be standing idle for a majority of their

of course, the same is true in the other two plants

the two plants - the same is true in the other two

Q. That was one thing, one of many.

Q. Well, that was a very important one.

THE COMMISSIONER: My attention was called elsewhere. What is this?

MR. McRUER: They say:

"If these same improvements in machinery and in processing had been carried on without changing the assignments of machines per operative it is quite obvious, from the results of our studies, that operatives would now be standing idle for a majority of their time."

That is, that the machinery, as you pointed out earlier, that with much less attention from human power it can carry on and do its work.

THE COMMISSIONER: Q. Permits of the employees producing more in a given time? A. Yes, my lord. Not so much producing more, that comes into it a little bit, but the amount of production is largely fixed by the speed of the machine, but the number of the minutes of work required by the operator to keep that machine running per hour has been very much reduced.

MR. McRUER: Q. And that is reflected in the table of percentages that you gave earlier, in the pounds produced per employee? A. Well, the pounds produced per employee is a reflection of the change in actual machine assignment.

Q. And the change in machine assignment is due to the change in machinery? A. Yes.

Witnessed

Well, that was a very important one.

THE COMPTON: MY attention was called else-

where. What is this?

MR. McRURK: They say:

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bit, but the amount of production is largely fixed

the speed of the machine, but the number of the machine

of work required by the operator to keep that machine

running per hour has been very much reduced.

MR. McRURK: Q. And that is reflected in the

of percentages that you gave earlier, in the power

produced per employee?

A. Well, the power produced per employee is a reflection of the change

in actual machine assignment.

Q. And the change in machine assignment is due

A. Yes.

Q. "DISTINCTION BETWEEN 'HAVING INFORMATION'
AND 'DISSEMINATING INFORMATION.'"

"As indicated by the remarks on appraisal
of work loads, there is no general criticism
which can be made on the grounds that machine
assignments have been established on a too
severe basis."

"In other places the mills may rule that---"
There must be a page missing here. I go to Page 28.

"These Canadian companies at some time
or other have made time studies in their mills to
determine the time required to do individual
elements of various operations, such as tending
to one loom stoppage or piecing up one broken
end in spinning. Since then many tests have
been made in the mills to determine the running
qualities of yarns being spun, and cloths being
woven. There can be little doubt but that
certain executives of all these companies have
a fairly accurate knowledge of what constitutes
a reasonable machine assignment. This knowledge
is based on a combination of the time studies
referred to, and tests on running qualities made
from time to time, all modified to some extent
by trial and error.

This section of the report is not so much
concerned with the accuracy of their knowledge,
and fairness of their machine assignments and
piece rates, as with their policy in getting the

5 basic considerations underlying the determination
of assignments known through their organization,-
that is, through the superintendents, overseers,
and through to the workers. This dissemination
of knowledge was evident in the mills of Hamilton
Cotton Company and York Knitting.

10 The point is that the managements of the
other Canadian Companies visited have not
successfully developed a policy of placing
their cards on the table in such a way that the
workers can intelligently judge and discuss their
assignments, piece rates or pay.

15 The degree of urgency for having such
facts and principles available to the workers
in a mill varies, it may be argued, between one
place and another. In many places in the
New England States, for example, where it has been
20 commonplace for the spokesman of the workers, or the
workers themselves to talk things out with the
management and discuss their assignments and
rates, the necessity of having the information
in readily understandable form is obvious."

25 "In other places the mills may rule that the
operative shall have access to the manager's office
to discuss assignments and rates, but when the
basis for such discussion is not so detailed
30 as to make arguments simple and specific the
discussions may have been fruitless. It is

basic considerations underlying the determination of rates, the necessity of having the information readily understandable form is obvious."

"In other places the mills may rule that the operative shall have access to the manager's office to discuss assignments and rates, but when the basis for such discussion is not so detailed as to make assignments and rates understandable, discussions may have been fruitless. It is

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workers can intelligently judge and discuss their their cards on the table in such a way that the successfully developed a policy of placing other Canadian Companies visited have not

The point is that the management of the Cotton Company and York Knitting.

of knowledge was evident in the mills of Hamilton and through to the workers. This dissemination, that is, through the superintendents, overseers, and management, through their own efforts, is

basic considerations underlying the determination

It is suggested that it is not too soon to begin preparations to meet the natural but possibly inarticulate desire on the part of the mill workers to know as much as possible about the way their assignments are determined, and how their piece rates are set.

To sum up the description of the methods of determining machine assignments still followed by those Canadian textile companies which are satisfied with the older industrial relations policies, it can be said that time study observations form a basis for their decisions, but that the build-up of the assignments and the piece rates from the fundamental time study ~~data~~ data cannot be explained, clearly and fully, by the mill superintendents, much less by the overseers. They all may have excellent practical knowledge as to what constitutes heavy assignments and what constitutes light assignments, but they have not got this information in a form constituting a reasonable explanation convincing to overseers or workers. This was determined actually by asking for such explanations during our visits to the mills."

That is, asking the overseers or foremen for the explanation?

A Yes, that is general discussion of the work and asking for these explanations.

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preparations to meet the natural but possibly
immediate desire on the part of the mill work
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of the work and asking for these explanations.

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Q. From the overseers or foremen, they are the persons you refer to?

A. And the superintendents.

Q. That is, those are in authority that you feel ought to be able to explain it clearly to the workers?

A. Yes, I feel that the information should not be kept in the head office of the Company.

Q. "As against this lack of having a clear-cut explanation of how any given work assignment is calculated, the following description is typical of methods followed by certain other Canadian mills, although this particular information was obtained from a visit to a textile mill in the United States:

EXAMPLE OF EXPLANATION OF BASIC
DATA SUPPORTING DECISION OF MACHINE
ASSIGNMENTS.

There is no formula that can cover all weaving jobs due to the many factors that make up the job. However, there are two prime factors in weaving:

First: The number of loom stops per hour;

Second: time consumed by the weaver in correcting a fault.

Both of these can only be obtained on the particular job by actual test."

And I suppose the quality of the material comes into play there a great deal?

A. Very greatly.

"First, the loom stop test to determine frequency (stops per hour) and the cause of the stops.

Q. From the overseers or foremen, they are the
persons you refer to?
A. That is, those are in authority that you
ought to be able to explain it clearly to the workers.
A. Yes, I feel that the information should not be kept
in the office of the foreman.

Q. "As against this lack of having a clear-
out explanation of how any given work assignment
is calculated, the following description is
typical of methods followed by certain other
Canadian mills, although this particular
information was obtained from a visit to a tex-
mill in the United States:

DATA SUPPORTING DECISION OF WEAVING
ASSIGNMENT.

There is no formula that can cover all
weaving jobs due to the many factors that make
job. However, there are two prime factors in

First: The number of loom stops per hour
Second: time consumed by the weaver in

correcting a fault.

Both of these can only be obtained on the
particular job by actual test."

And I suppose the quality of the material comes in
give there a great deal?
A. Very greatly.
First, the loom stop test to determine fre-
quency (per hour) and the cause of the stops.

From the tests remedial action can be taken in the preceding processes to reduce or hold at a minimum the stops as indicated."

"Second, time studies of weavers will show that they fall into three classes:

Fast average correction time . 5 minutes

Medium average correction time . 6 "

Slow average correction time .7 " "

THE WITNESS: That means the time that it takes the operative when the loom is once stopped and he has reached it to make the tie-up in the broken yarn and start the loom again.

Q. "We need not deal with weavers over these figures (.7 minutes or 42 seconds) as they will effect the efficiency of any job they might be on.

The correction time shown for a fast weaver is not excessive as many weavers will exceed this speed with the average loom correction.

Individual records of .2 and .3 minutes are not exceptional. (N.B. Stops for smashes, pick-outs, not included in average loom stop.)"

That is, in setting these averages for breakages they do not include smashes and pickouts? A. Smashes and pickouts would in most mills be attended to by special operators.

Q. "However, it is best not to figure too closely and to make allowance not only for the weaver but

From the facts remedial action can be taken in the preceding processes to reduce or hold at a minimum the stops as indicated."

"Second, the series of weavers will show that they fall into three classes:

Fast average correction time 5 minutes
Medium average correction time 6
Slow average correction time 7

THE FINDINGS: That means the time that it takes the operative when the loom is once stopped and he has reached it to make the tie-up in the broken yarn and start the loom again.

"We need not deal with weavers over these figures (.7 minutes or 42 seconds) as they will effect the efficiency of any job they might be on.

The correction time shown for a fast weaver is not excessive as many weavers will exceed this speed with the average loom correction. Individual records of .3 and .8 minutes

are not excessive. (The time for pick-outs, not included in average loom stop, that is, in setting these averages for packages to do not include smashes and pick-outs? A. Yes

pick-outs would in most mills be attended to by special operatives.

"However, it is best not to figure too low as it may discourage not only for the weaver

also a factor of safety for the variation in quality of work. Variations of this nature can be minimized by proper attention to humidity, slasher control, good warping and properly wound filling.

A standard weaving job can be laid out as follows:

85 percent productive time,	51 minutes
15 " non-productive time,	9 "
Total - 100 percent,	60 " "

THE WITNESS: Excuse me, there in this particular set-up it mentions 15% non-productive time, which corresponds with the average which I use in appraising the studies in the Canadian mill. In that it is 17%. 16% to 17% was consensus of opinion. This happened to be percentage that they use in this one mill in question.

Q. "In all subsequent calculations we will deal only with 51 minutes, and no job must exceed this limit. In a weaving job walking time (time consumed by operative in going from one correction to another) must be considered.

To save walking time and needless steps weavers should patrol always in one direction, never turning back, as this adds to the distance travelled. Time study shows that a weaver will walk on an average of 90 feet per minute, allowing for proper inspection. Walking speeds in excess

of this figure are simply going from one loom to another with no inspection of the work in passing.

Circuits up to 40 feet of walking time can be omitted, but an allowance should be made in the correction time (.6 minutes per fault) to offset this."

THE WITNESS: In the correction time or time to fix one loom:

"We have 85 per cent productive time to work on, or 51 minutes per hour.

Four circuits at four minutes each require 16 minutes (26.7 per cent)

Balance of productive, time, 35 minutes.

All weaving calculations will use 35 minutes as being the time available for loom correction. Having taken by test and time study the loom stops per hour and the weaver's correction time the work load is as follows:"

"Looms in job - $\frac{\text{Available correction time}}{\text{Loom stops per hour} \times \text{weaver's unit Correction time.}}$

Example: Looms in job where test shows that stops per loom average .8, should be, -

$\frac{35 \text{ minutes}}{.8 \times 6} = 7.29$

THE WITNESS: It should be .6 -- there may be an error there.

Q. "-- equals 72.9

One circuit of 72 looms - $\frac{329 \text{ feet}}{90 \text{ feet per minute}} = 3.65 \text{ min.}$

of this figure are simply going from one loom
to another with no inspection of the work in
pressing.

Circumstances up to 40 feet of walking time can
be omitted, but an allowance should be made in
the correction time (.6 minutes per fault) to

THE WITNESS: In the correction time or time to fix
one loom:

"We have 85 per cent productive time to work
on, or 21 minutes per hour.

Four minutes at four minutes each require
16 minutes (26.7 per cent)

Balance of productive time, 35 minutes.
All weaving calculations will use 35

minutes as being the time available for loom
correction. Having taken by test and time study

the loom stops per hour and the weaver's
correction time the work load is as follows:

"Looms in job - Available correction time
Loom stops per hour x weaver's
Correction time.

Example: Looms in job where test shows that at
per loom average 4, should be -

35 minutes
4 x 35 = 140

THE WITNESS: It should be noted that the

--- should be

--- amount of 12 looms - 350 feet - 3.50

or 4 minutes.

As 4 circuits per hour of patrolling are called for, patrolling time works out at 16 minutes per hour.

From the above example it will be seen that as the efficiency of the weaver increased, she can handle more than the .8 loom stops on a 72 loom job, and as the efficiency decreases the loom stops must decrease, or the number of looms to a weaver must be decreased. There is nothing to be gained by laying out a job beyond the capacity of the weaver, for you will lose in machine efficiency and quality."

"OBSERVATIONS ON EXAMPLE OF BASIC
DATA ON ONE TYPE OF WEAVING."

"Study of this set of basic principles for the setting of weaving assignments will indicate that it can be put in such a light before the operatives that they can understand that the actual number of looms assigned to them is not the point which determines whether or not they can handle their jobs. They can see that, first of all, nine minutes out of each hour is set aside as non-productive or idle time.

Next, 16 minutes per hour (with possible reasonable variations according to the size of the set) are set aside for patrolling their looms.

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or 4 minutes.
As 4 minutes per hour of patrolling are called
for, patrolling time works out at 12 minutes
per hour.

From the above example it will be seen
that as the efficiency of the weaver increased,
she can handle more than one 8 loom stop
on a 72 loom job, and as the efficiency decreases
the loom stops must decrease, or the number of
looms to a weaver must be decreased. There is
nothing to be gained by laying out a job beyond
the capacity of the weaver, for you will lose
in time efficiency and quality."

"Study of this set of basic principles
for the setting of weaving assignments will in
that it can be put in each a light before the
operatives that they can understand that the
actual number of looms assigned to them
is not the point which determines whether
or not they can handle their jobs. They can
weave, that is, they can handle their jobs, but if
hour is set aside as non-productive or idle
Next, 12 minutes per hour (with possible
unusable minutes included in the 12
of the 12 minutes per hour is the 12 minutes per hour

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This leaves 35 minutes of each hour for them to attend to stoppages of their looms.

Having accepted the fact that on the type of looms in question the ordinarily skilled weaver can attend to the average loom stoppage in .6 minutes, this gives a stability to any calculation as to the number of looms that should be assigned. The number will logically increase from time to time as the work is made to run better, so that each loom has fewer stops in the course of the average hour.

If tests show that the looms are stopping on the average of one stop per loom hour, then 35 looms will take up the 35 minutes of the weaver's time which would be available for this part of the work."

MR. GORDON: That is one minute per stop.

THE WITNESS: Yes, I am afraid I got confused with another correction time.

MR. McRuer: Q. What should this be? A. On some looms one minute is reasonable correction time, and from that time on I am talking about that apparently.

Q. Well, it was the 6 minutes you referred to---

A. And I said here, reasonable correction according to the type of loom. Well, from here on I am talking about a different type of loom.

Q. What type of loom is it that they should have the .6 minutes for stop and the average one minute?

MR. GORDON: That is one minute per stop.

THE WITNESS: Yes, I am afraid I did not come.

AM. MEMBER. R. : WHAT SHOULD THIS MEAN.

...the average one minute?

A. Well, I would have to burrow through this. I can get---

Q. Well, it does vary at any rate? A. Oh, it definitely varies.

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Q. We can take it when you lay down .6 ---

A. That was for the loom I took example, running on very simple cloths.

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Q. But that is not a figure that can be taken for all mills and all cloths? A. Oh, no, that is a figure from which, if weavers were being educated to, you could say - now, .6 is proper correction time for that type of loom, but we are allowing you one minute. They would be able to see with their practical knowledge, if they knew two types of looms, they would be able to see ---

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THE COMMISSIONER: Would you read that last paragraph again?

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MR. McRUER: "If tests show that the looms are stopping on the average of one stop per loom hour, then 35 looms will take up the 35 minutes of the weaver's time which would be available for this part of the work.

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If the loom stoppages are cut in half, and the looms stop only on the average of one half stop per loom hour, then the weaver working at the same speed as before can attend to all the stoppages on 70 looms."

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I think it is quite clear. It will then depend on

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A. Well, I would have to putrow through this. I can

get---

A. Well, it does vary at any meter? A. Oh, it

varies.

A. We can take it when you lay down. A. ---

A. That was for the loom I took example, running

at very slow speed.

A. But that is not a figure that can be taken

for all mills and all types.

is a figure from which, if we were were being asked

to, you could say - now, A. is proper correction this

for that type of loom, but we are allowing you can

minute. They would be able to see with their

practical knowledge, if they knew the types of loom

they would be able to see ---

THE COMMISSIONER: Would you need that last

statement?

MR. McLENNAN: If tests show that the looms are

stopping on the average of one stop per loom

hour, then 50 looms will take up the 50

minutes of the day's time that would be

available for this part of the work.

If the loom stoppages are out in half, and the

looms stop only on the average of one half stop

per loom hour, then the same amount of time

same speed as before can attend to all the

work.

It is in the nature of the work.

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the material and the way the looms are working and everything in connection with that? A. Yes.

Q. So that while rates may be set based on, we will say, stoppage of .6 minutes on the work that weavers are doing to-day, what he is doing tomorrow may not be sufficient. He may have too many looms tomorrow and the next day may not have enough. I am taking it too close together. A. Are you considering the same cloth?

Q. No, I mean on different types of cloths? A. Oh, yes.

Q. But my illustration is not applicable. I say one this week and other two weeks from now. The types of cloth do not change so rapidly.

"It is suggested that if weavers from the beginning of the so-called stretch-out had had their periodic increases in loom assignments explained to them on some such basis and had been encouraged to talk it out, they would have had a better understanding of the reasons for the increases in loom assignments. If they were shown that over a period of years their real wage increased with their productivity they might logically welcome such changes. This would more probably be true if some satisfactory way were worked out to tide deserving workers over any reasonable period of unemployment due to technological progress. The resulting gain to

the material and the way the looms are working and
everything in connection with that?
A. Yes.
So that while rates may be set based on, we
will say, stoppage of 10 minutes on the work that
weavers are doing to-day, what he is doing tomorrow
may not be sufficient. He may have too many looms
tomorrow and the next day may not have enough. I
am taking it too close together.
A. Are you
considering the same cloth?
No, I mean on different types of cloth?
But my illustration is not applicable. I am
one this week and other two weeks from now. The
types of cloth do not change so rapidly.
It is suggested that if weavers from the
beginning of the so-called stretch-out had had
their periodic increases in loom assignments
explained to them on some such basis and
had been encouraged to talk it out, they
would have had a better understanding of the
reasons for the increases in loom assignments.
If they were shown that over a period of years
their need was increased with their productivity
they might logically welcome such changes. This
would more probably be true if some satisfactory
way were worked out to tide deserving workers
over any responsible period of unemployment due
to technological progress. The resulting gain

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society due to the elimination of this real obstruction to economy of effort would beyond doubt repay a large investment in a sound plan of unemployment insurance.

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Without such a foundation of security of respectable livelihood and a chance to understand what is going on, the workers naturally become possessed of the feeling that they are being asked to do more and more work and there is no telling where it is going to end. It might even seem to them that it is only a question of time until it will be all machines and no workers.

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This does not mean to say that no excessive loom assignments have been set. It is very evident, however, that the increases in loom and spindle assignments which have occurred over the last 15 years are due to two things:

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1. The specialization of the work
2. The improvement in machine and processes throughout the whole mill.

25

If the description of how a balanced assignment of looms can be calculated from a firm and unchanging basis is made clear to the operatives, it is evidence that much of the ground for misunderstanding can be removed."

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THE COMMISSIONER: Before we adjourn, I have an engagement which will keep me a little later

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Resentation

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...to the elimination of this ...
...a large investment in a sound ...
...Without such a foundation of security ...
...of respectable livelihood and a chance to ...
...understand what is going on, the workers naturally ...
...become possessed of the feeling that they ...
...are being asked to do more and more work and ...
...there is no telling where it is going to end. ...
...might even seem to them that it is only a question ...
...of time until it will be all machines and no ...
...This does not mean to say that no excessive ...
...loom assignments have been set. It is very ...
...evident, however, that the increases in loom ...
...and a stable assignments which have occurred over ...
...last 15 years are due to two things:

1. The specialization of the work
2. The improvement in machine and process

throughout the whole mill.

If the description of how a balanced ...
...assignment of looms can be calculated from a ...
...operatives, it is evidence that much of the ...
...The assignment ...
...in assignment with still more in a little later

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than usual, and so we will not come back until half
past two.

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-- The Commission adjourned at 12.30 P.M. to resume
at 2.30 P.M.

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Subject of ... 08.51 to be destroyed and not to be ...
The Commission ...
... 08.51 to

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-- The Commission resumed at 2.30 p.m.

MR. McRUER: Now we will proceed with page 33 of Mr. Fessenden's report, as follows:

"APPRAISAL OF PROGRESSIVENESS -
MACHINES AND METHODS

It is always an interesting question to determine whether the keenest type of competition is absolutely necessary in order that industrial companies be stimulated to effect improvements in machines and methods. If they fail in this the public and the workers must, of course, pay in the long run through lower real wages and higher real selling prices. My investigation does not touch on the question of how keen competition is in this industry. At this point, an attempt is made to appraise the industry's keenness in producing at lower cost by means of up-to-date equipment adequately maintained and economically tended. On the technical questions involved in the appraisal of the intricate equipment used in this industry I am not an authority. However, in an interview with Mr. Sydney S. Payne of Greensboro, North Carolina, who has had extensive experience in the cotton textile industry in the United States, Canada and Europe, he expressed a high opinion of the keenness of Canadian manufacturers from that point of view.

Mr. Payne organized the Textile Development Company and during the course of several years

-- The Commission resumed at 2.30 p.m.

Mr. McKelvey: Now we will proceed with page 15
of Mr. Rosenfeld's report, as follows:

"ANALYSIS OF THE TEXTILE INDUSTRY"

1. INTRODUCTION

It is always an interesting question to

determine whether the present type of competi-

tion is absolutely necessary in order that

industrial companies be stimulated to effort

improvements in machines and methods. It

they fell in this the public and the workers

must, of course, say in the long run through

lower real wages and higher real profits.

price. My investigation does not touch on

the question of how much competition is in the

industry. At this point, an attempt is made

appraise the industry's knowledge in producing

at lower cost by means of up-to-date equipment

reference to machinery and equipment is made.

on the technical questions involved in the

survival of the textile equipment used in

this industry I am not an authority. However,

in an interview with Mr. Agency S. Payne of

Greensboro, North Carolina, who has had exten-

sive experience in the cotton textile industry

in the United States, Canada and Europe, he

expressed a high opinion of the knowledge of

Canadian manufacturers from that point of view

Mr. Payne organized the Textile Institute

Company and during the course of several years

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Fessenden

his company surveyed a large number of cotton mills from a machinery and equipment point of view. Work assignment per operative was also dealt with. Due to this experience, Mr. Payne is exceptionally well qualified to criticize practice with respect to up-to-date machinery, the proper maintenance of such machinery and the proper methods of arranging division of work, machine assignments, etc., in order to obtain the highest productivity per operative hour. Mr. Payne spoke of the executives of the Canadian Cotton Textile Industry with obvious sincerity.

The increase in productivity per operative hour shown on the chart for all Dominion Textile Company grey mills combined appears to bear out Mr. Payne's statement as far as that company is concerned. This increase in productivity is 53 per cent over a 24-year period from 1912 to 1936.

The evidence favourable to the Canadian companies in this regard is supported by a detailed record which I obtained as to steps taken over a 18-year period by the Dominion Textile Company to bring machine development and maintenance up to a high standard. Webasso Cotton Company also gave a distinctly favourable impression in this regard. Other companies were not studied on this point sufficiently

and a company surveyed a large number of cotton
mills from a machinery and equipment point of
view. Work assignment per operative was also
dealt with. Due to this experience, Mr. Payne
is exceptionally well qualified to criticize
mills with respect to up-to-date machinery
the proper maintenance of such machinery
and the proper methods of arranging division
of work among operatives. It is my
belief that Mr. Payne is a valuable asset
to the Canadian Cotton Textile Industry and
I am sure that the executives of
the industry will be pleased to have him
as a member of their staff.

The increase in productivity per operative
shown on the chart for all Dominion Textile
mills from 1924 to 1934 is as follows:

Mr. Payne's statement as to the company's
productivity is as follows:

50 per cent over a 10-year period from 1924
to 1934.

The evidence furnished to the Dominion
Committee in this regard is supported by a
detailed record which I obtained as to steps
taken over a 10-year period by the Dominion
Textile Company to bring machine development
and productivity to a high level.

Gordon Company also gave a distinctly favorable
impression in this regard. Other companies
were not studied on this point but it is likely

for an opinion from one unacquainted with the mechanical details of this industry."

Q. This figure from the Dominion Textile Company of an increase in the productivity by 53 per cent over a 20-year period from 1912 to 1936 was one presented from their statistics department, I take it ?

A. Those were figures prepared especially for this Commission.

Q. Both ? A. Oh yes, both.

Q. From their own figures ? A. Oh yes, but I have taken their figures and analyzed them myself. ~~They say--say~~

Q. When you say "analyzed them", in what way did you analyze that figure? A. Well, I was speaking of that figure as one of a number of figures. I did not analyze that one figure. I accepted it, but it was given along with other figures which I analyzed, and then I prepared these charts.

Q. From the figures they gave you? A. Yes.

Q. Your report goes on:

"THE TREND TOWARDS DEMOCRACY
IN INDUSTRY"

It is interesting to consider whether or not there has been a trend for some years away from the small business, with its many opportunities, to the workers, for individual expression and a high degree of understanding of the problems of management towards autocratic big businesses which do not afford this opportunity for understanding, and a later trend forwards

For an opinion from one who is acquainted with the
mechanical details of this industry."

Q. This figure from the Dominion Textile Company
or an increase in the productivity by 50 per cent
over a 20-year period from 1913 to 1936 was one that
sent from their statistical department, I take it
A. Those were figures prepared especially for this

Committee.

Q. From their own figures?
A. Yes, but I have taken their figures and analyzed them

unusually.

Q. When you say "analyzed them", in a way
that you would not have done otherwise, I mean?

A. Well, I was
speaking of that figure as one of a number of figures
I did not analyze that one figure. I accepted it,
but it was given along with other figures which I
analyzed, and then I prepared these charts.

Q. From the figures they gave you? A. Yes.
Q. Your report goes on:

THE TEXTILE INDUSTRY
IN CANADA

It is interesting to consider whether or
not there has been a trend for some years
from the small business, with its many oppor-
tunities, to the workers, for individual ex-
pression and a high degree of understanding of the
problems of management towards automatic big
business which is not a trend that is
not a trend, and a trend that is not a trend.

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businesses which consider themselves more as being in a position of trust, and which are more conscious of the worker and the consumer. The workers through having more facts placed before them and more opportunities for voicing opinions on matters affecting their whole lives, regain the opportunity for individual development which they lost during the earlier stage. It is, I again suggest, an interesting point to consider, whether this is not the trend and whether it is not a natural trend according to our accepted theory of democracy.

The fact that some of labour's spokesmen who are active in furthering labour's urge for a voice in industry are frequently obstructive and destructive in their tactics is not evidence that the tide on which these men are riding is not rising in obedience to natural and irresistible forces.

To carry the metaphor further - the tide does not rise to the same height at the same time in all places, but it is simply common sense to keep an eye on its behaviour and to make sure that when it does rise where our boat lies moored that there may be a loosening of the ropes by which we are bound fast to our position.

CONCLUSION

The chart on the trend in real wages seems to indicate that the counter-interests of employer and worker result together in a

business which consider themselves more as
being in a position of trust, and which are
more conscious of the worker and the community.
The worker through having more faith in the
business and its management for the future
opinions on matters affecting their whole life
remain the opportunity for individual development
ment which they lost during the earlier stages.
If so, I again suggest, an interesting point
to consider, whether this is not the trend and
whether it is not a natural trend according to
our accepted theory of democracy.

The fact that some of labour's spokesmen
who are active in furthering labour's aims
a voice in industry are frequently obstructive
and destructive in their tactics is not evidence
that the tide on which these men are riding is
not rising in obedience to natural and irresistible
forces.

To carry the metaphor further - the tide
does not rise to the same height at the same
time in all places, but it is simply a matter
sense to keep an eye on its behaviour and to
make sure that when it does rise where our
lies moored that there may be a loosening of
ropes by which we are bound fast to our boat.

Conclusion

The spirit on the trend in real wages
seems to indicate that the counter-tendency
of employer and worker results together in a

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constructive trend. It should be possible to overcome the idea that management and labour are diametrically opposed in their interests.

5 We may compare the human arm to the industrial unit. The bone is like 'capital', the under-set of muscles represent 'management', and the upper set of muscles represents 'the workers'. All three are interdependent, and yet the 'capital muscles' seem to pull
10 quite directly against the worker muscles. If our analogy is true, however, the management muscles have their duty of giving ground, but not without exerting their steady counter-pull. The worker muscles have their duty
15 of exerting a powerful force in their own interest, but also have their duty as co-operators with the management muscles, so that the whole arm may ~~pre~~ move as a unit steadily, surely and constructively.

20 Despite all this counterpulling, no part of the arm can afford to see wither the bone or one or other set of muscles seriously abused. This fear of abuse, however,
25 can be overdone, and it is obvious that no muscle is on the road to ruin simply because it has worked until it has become reasonably tired at the end of the day. Similarly, for short periods, when the occasion demands it,
30 those muscles can put forth special effort, without a too disastrous result. It is

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constructive trend. It should be possible
to overcome the idea that management and labor
are diametrically opposed in their interests.
We may compare the human era to the industrial
era. The human era is the era of the 'individual',
the industrial era is the era of the 'masses'. The
industrial era of machine movement 'management', the
human era of machine movement 'workers'. All three are interdependent,
and yet the 'capital machine' seems to pull
the 'worker' away from the 'management'.
If our analogy is true, however, the manager-
ment machine has the duty of giving ground
but not without exerting their steady counter-
pull. The worker machine has the duty
of exerting a powerful force in their own
interest, but also have their duty as co-
operators with the management machine, so
that the whole can move as a unit
readily, easily and constructively.
Despite all this constant pulling, no
part of the arm can afford to see whether
the bone or one or other set of muscles
uniformly abused. This fear of abuse, however,
can be overcome, and it is obvious that no
machine is on the road to ruin simply because
it has worked until it has become reasonably
tired at the end of the day. Similarly, for
the human era, the machine must be
used in a way that it can be reasonably
tired at the end of the day. It is

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desirable to know accurately the limits beyond which damages may result, and it is desirable to measure out the work loads and rewards accurately and fairly.

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Canadian factory workers in my experience, when treated with respect and confidence, to which they are entitled, almost invariably have been ready to put forth such steady effort and when necessary such temporary special effort cheerfully and with ready understanding.

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It is a very natural function of management to take such steps as are most likely to result in a continuation of this state of affairs.

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More than that, at a time when real or fancied injustice has made or threatened to make workers drop this natural and co-operative attitude, every consideration demands clear thinking and wise action on the part of management."

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Q. Now attached to your report were some graphs?

THE COMMISSIONER: Is that the whole report?

MR. McRUER: Yes, my lord.

THE WITNESS: That is the whole summary, my lord. I have indexed the detail so that any point may be looked up.

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THE COMMISSIONER: Oh yes.

BY MR. McRUER: Q. The first of these graphs that you have prepared, Mr. Fessenden, deals with the Dominion Textile Company's grey mills, base period April 1, 1913 to March 31, 1914. When you refer to the base period what is it you refer to?

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100-100000-100000

beginning to know exactly the limits
beyond which damages may result, and it is
beginning to measure out the work loads and
rewards accordingly and fairly.

Canadian factory workers in my experience
are treated with respect and consideration, and
which they are entitled, almost invariably
have been ready to put forth their steady effort
and when necessary with temporary special effort
cheerfully and with ready understanding.

It is a very natural function of management
to take such steps as are most likely to lead
in a continuation of this state of affairs.
Now, that is, at a time when real or fancied
injustice has been as threatened to arise
workers drop this natural and so-called
attitude, they would rather be treated like

striking and who action on the part of management
is now attached to your report were some given
the following: Is that the whole report?
MR. MURPHY: Yes, my lord.

THE REPORT: That is the whole matter, my
lord. I have indicated the details as far as they go.
Is looking up.
THE REPORT: Yes, my lord.

BY MR. MURPHY: 2. The first of these plans
that the first plan was, the second, that the
the second plan was, the third, that the
from April 1, 1913 to March 31, 1914. When you
what is the period what is it you refer to?

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Fessenden

A. Well, this chart is shown starting from 100 in 1914.

Q. I see, that is 100.

A. It is just on a percentage basis.

Q. The pounds produced per employee hour, in the first chart, that means you have reduced the production per employee per hour to this graph over the period of years?

A. For each year.

MR. GORDON: May we have the chart so we can follow it, or just give us the index number.

THE WITNESS: Are you referring to the first chart?

MR. McRUER: The first one in this report.

MR. BALLANTYNE: Would you tell us what the lines represent?

MR. McRUER: Pounds per employee hour.

MR. BALLANTYNE: There are only two lines on it.

MR. McRUER: Yes.

BY MR. McRUER: Q. You have calculated here, Mr. Fessenden, from their figures, the pounds produced per hour by each employee for this period?

A. Yes, for each year, the total pounds produced by all the grey mills -- that is the mills producing cloth in the grey, not the finishing mills -- that total number of pounds for the fiscal year is divided by the total number of operative hours on the payroll.

Q. Well then, the next line giving the

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6. I am not at all.

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Fessenden

average real wage per employee hour, how do you
get the average wage per employee hour before it
is reduced to the real wage? A. The
average wage per employee hour is arrived at by
taking the total amount of wages on the payroll and
dividing by the total of hours worked for that pay-
roll.

Q. It has no relation to the weekly wage?

A. No, Mr. McRuer.

Q. And you then convert that into what you
call the real wage by using the figures of the
Bureau of Statistics? A. Yes.

BY THE COMMISSIONER: Q. Tell me again --
you told me this morning I think -- what is the
relation between the real wage and the actual
wage? A. The wage in money is adjusted
according to the movement of the index price.

Q. The cost of living? A. The cost
of living index, yes, my lord.

BY MR. McRUR: Q. Will the figures that
are contained in your report be sufficient to
enable one to calculate the average weekly earning,
not the wage, of the employees? A. In real
wages?

Q. No, the average weekly earning.

THE COMMISSIONER: In dollars and cents?

MR. McRUR: In dollars and cents.

THE WITNESS: Yes, I had this chart done this
morning.

average real wage per employee hour, how do you
get the average wage per employee hour before it
is reduced to the real wage?

A. The
average wage per employee hour is arrived at by
taking the total amount of wages in the payroll and
dividing by the total of hours worked for that pay-

roll.
Q. It has no relation to the weekly wage?
A. No, Mr. Lester.

Q. And you then convert that into what you
call the real wage by using the figures of the
Bureau of Statistics?
A. Yes.

BY THE COMMISSIONER: Q. Tell me again --
you told me this morning I think -- what is the
relation between the real wage and the actual
wage?
A. The wage in money is adjusted

according to the movement of the index price.
Q. The cost of living?
A. The cost
of living index, yes, my lord.

BY MR. McNEIL: Q. Will the figures that
are contained in your report be sufficient to
enable one to calculate the average weekly earnings
not the wage, of the employees?
A. In real

Q. No, the average weekly earnings.
THE COMMISSIONER: In dollars and cents?
A. Mr. McNEIL: In dollars and cents.

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Fessenden

BY MR. McRUER: Q. Just a moment. I want to state one thing at a time. Then we have that available, and it may be calculated; that is the average weekly wage in dollars and cents.

5 A. It is shown in dollars and cents on this chart.

Q. Oh, it is, all right. Then that can also be converted to the average weekly real wage?

A. That has been done on another chart, Mr. McRuier.

10 Q. All right. Now the next chart shows the average money wage per employee hour?

MR. BALLANTYNE: Is that the chart which compares with the real wage too?

MR. McRUER: Yes.

15 BY MR. McRUER: Q. Then the average real wage per employee hour, and we could also have the average weekly earning? A. We have it,

Mr. McRuier.

20 Q. You have that, all right. The next one is the average money wage per employee hour per actual week? A. That is for the actual number of hours worked, not for the standard week.

Q. That is not for the standard week?

That is the actual week? A. Right.

25 Q. And the next shows the average real wage per employee per actual week? A. That is the same as the top line, adjusted according to the trend of the cost of living.

30 Q. Has there been very little variation in the cost of living between 1932 and 1936? A. No, the cost of living has come down, which means that

BY MR. MURPHY: Q. Just a moment. I want
to state one thing at a time. Then we have that
available, and it may be calculated; that is the
average weekly wage in dollars and cents.
A. It is shown in dollars and cents on this chart.
Q. Oh, it is, all right. Then that can
also be converted to the average weekly real wage.
A. That has been done on another chart, Mr. Murphy.
Q. All right. Now the next chart shows the
average money wage per employee hour?
MR. MURPHY: Is that the chart which con-
pares with the real wage too?
MR. MURPHY: Yes.
BY MR. MURPHY: Q. Then the average real
wage per employee hour, and we could also have the
actual weekly wage?
MR. MURPHY: Yes.
Q. You have that, all right. The next one
the average money wage per employee hour per
actual week?
A. That is for the actual
number of hours worked, not for the standard week.
Q. That is not for the standard week?
A. Right.
Q. And the next shows the average real wage
per employee per actual week?
A. That is the
same as the top line, adjusted according to the
trend of the cost of living.
Q. Now from this chart we can see
the cost of living between 1913 and 1927. A. Yes.
the cost of living between 1913 and 1927, which shows that

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Fessenden

the real wage --

Q. Just a minute, the real wage ? A. The real wage goes up as the cost of living comes down.

Q. But the real wage is on the same line between 1932 and 1936. A. Yes, but the money wage has come down, but owing to the cost of living also coming down the real wage has not come down from 1932 to 1936.

BY THE COMMISSIONER: Q. Has the cost of living come down between 1932 and 1936 ?

BY MR. McRUER: Q. Has the cost of living come down between 1932 and 1936 ?

THE COMMISSIONER: That is not my experience.

THE WITNESS: I have the figures in detail here.

MR. McRUER: It is kind of hard for us to believe these figures sometimes.

THE WITNESS: In 1932 the index was 135 for the fiscal year 1932.

BY THE COMMISSIONER: Q. That is the year ended March 31, 1932 ? A. Yes, it is mostly the calendar year 1931, of course, and the wages are for the same year, and the cost of living for that year.

Q. Was the cost of living greater than it is this year ? A. Yes, 135 against 125.

Q. That is not the comparison I thought you were making? A. The next year is exactly the same. 1933 drops down to the same as 1936, and 1933 in this chart is largely the calendar year 1932.

the real wage --

Q. Just a minute, the real wage?

real wage goes up as the cost of living comes down

Q. But the real wage is on the same line

A. Yes, but the money

wage has come down, but owing to the cost of living

the real wage has come down

from 1932 to 1936.

BY THE COMMISSIONER: Q. Has the cost of living

come down between 1932 and 1936?

BY MR. McLEOD: A. Has the cost of living

come down between 1932 and 1936?

THE COMMISSIONER: That is not my experience.

THE WITNESS: I have the figures in detail for

MR. McLEOD: It is kind of hard for me to believe

these figures sometimes.

THE WITNESS: In 1932 the index was 135 for the

index year 1913.

BY THE COMMISSIONER: Q. That is the year

A. Yes, it is mostly

ended March 31, 1932?

the calendar year 1931, of course, and the wages are

for the same year, and the cost of living for that

year.

Q. Was the cost of living greater than it is

A. Yes, 135 against 132.

Q. That is not the comparison I thought you

was making.

1932 drops down to the same as 1936, and

the index year 1913

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Fessenden

BY MR. McRUER: Q. The next one is the average money wage per employee per actual week, and the average real wage. I do not see the difference between those two charts. A. One is in percentages and the other is in dollars and cents.

Q. What do you mean by that? A. The side heading. Both charts are not really necessary.

Q. They seem to mean the same thing. I do not see any variation. A. Except that you can see the dollars and cents which the average wage was equal to.

Q. The lines run the same. A. They tell the same story on a different scale.

Q. The picture is the same. A. Giving different detailed information.

Q. The next chart deals with pounds produced, employees on payroll --

MR. BALLANTINE: Is this No. 4? Have you any special numbers on these charts?

MR. McRUER: No. This shows the pounds produced, employees on payroll, weekly hours per employee, pounds per week per employee, real wages per week per employee. Is that worked out on the basis of actual weeks or standard weeks?

THE WITNESS: Which line is that?

BY MR. McRUER: Q. The last one, real wages per week per employee, and weekly hours per employee. Real wages per week per employee -- is that on the basis of a standard week or an actual week?

A. That is an actual week, Mr. McRuér.

Q. The next one is the
average money wage per employee per actual week,
and the average real wage. I do not see the difference
between these two charts.
A. One is in pounds
centages and the other is in dollars and cents.
Q. What do you mean by that?
A. The
side heading. Both charts are not really necessary
Q. They seem to mean the same thing. I do
not see any variation.
A. Except that you
can see the dollars and cents which the average wage
was equal to.
Q. The lines run the same.
A. They tell
the same story on a different scale.
Q. The picture is the same.
A. Giving
different detailed information.
Q. The next chart deals with pounds produced
employees on payroll --
Q. Mr. BURNHAM: Is this No. 4? Have you any
special numbers on these charts?
Q. Yes, I have. This chart is for the year 1900
and the next chart is for the year 1901.
Q. Pounds per week per employee, real wages per week per
employee. Is that worked out on the basis of actual
weeks or standard weeks?
Q. The witness: Which line is that?
Q. Mr. BURNHAM: The last one, real wages
per week per employee, and weekly hours per employee
Real wages per week per employee -- is that on the
basis of a standard week or an actual week?

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Fessenden

Q. The next one deals with the actual weekly hours per employee, the number of employees on the payroll, total pounds produced weekly, average weekly real wage per employee. There was another graph that we mentioned that was not in the book.

A. Yes, here it is.

Q. This one is designed to show the number of employees actually on payroll.

A. As

compared with the number who would be on the payroll if each employee worked a full week and the total number of employee hours were as they actually were.

Q. Yes, and the total number of employee hours was what.

A. Was equal.

Q. That would mean the employees all working the full standard week of 55 hours?

A. Yes, it

really shows the total volume of employment year by year given by these mills.

Q. As far as the employee's time goes, did you not make a sort of summary comparison between Canada and the United States showing that the average hours worked in Canada is higher than the average hours worked in the United States?

A. Yes.

Q. I recollect that in Canada it runs very close to 40 hours, and in the States to 37½.

A. Between 37 and 38 hours in the United States, and in Canada, taking the Dominion Textile Company as an illustration, all their grey mills average 43.2 hours.

Q. 43.2 hours, yes.

A. But the

Webasso Cotton Company operate on a shorter week.

Q. The next one deals with the actual weekly hours per employee, the number of employees on the payroll, and the number of employees actually working weekly. There was another graph that we mentioned that was not in the book.

A. Yes, here it is.

Q. This one is designed to show the number of employees actually on payroll.

A. As compared with the number who would be on the payroll if they were working a full standard week of 35 hours?

A. Yes, and the total number of employee hours.

Q. That would mean the employee see all working full standard week of 35 hours?

A. Yes, really shows the total volume of employment year by year given by these mills.

Q. As far as the employee's time goes, did you not make a sort of summary comparison between Canada and the United States showing that the average hours worked in Canada is higher than the average hours worked in the United States?

A. Yes.

Q. I recall that in Canada it was very close to 40 hours, and in the States to 37 1/2.

A. Between 37 and 38 hours in the United States, and in Canada, being the Canadian Textile Corporation as an illustration, all their grey mills average 38 1/2 hours.

Q. Now, the Ontario Cotton Company operate on a shorter week.

Q. Although they operate on a shorter week were they not averaging over 40 hours? I thought they ran about the same although they were operating on a shorter week, that their average would be about the same. A. I could not get any definite figure on that, they have not been operating on that basis long enough really to get a reliable history.

Q. All right, thank you, Mr. Fessenden.

BY MR. BALLANTYNE: Q. Mr. Fessenden, will you look at the chart based on the Dominion Textile Company grey mills only, which shows the pounds produced, employees on payroll, weekly hours per employee? I think it is your general summary chart of some previous charts? A. No. 5.

Q. It is your No. 5, is it? A. Yes.

Q. Will you please look at the line dealing with real wages per week per employee? Am I correct in my understanding of that line, that it includes and shows the effect of short time operations? A. Yes, that is the actual week worked by the average employee.

Q. Now, how would you interpret the trend as shown by that line dealing with real wages, and the line dealing with pounds per week per employee? A. The trend of both lines for the period of 22 years, taking from 1914, which was the first cost of living index I could get, taking from 1914 to 1936, the line showing the real wages per week per employee increased about 32½ per cent, and the line representing pounds

Q. Although they operate on a shorter week
were they not averaging over 40 hours? I thought
they ran about the same although they were operating
on a shorter week, that their average would be about
the same. A. I would not get any definite
figure on that, they have not been operating on
that basis long enough really to get a reliable
history.

Q. All right, thank you, Mr. Foreman.
A. Yes, Mr. Foreman, I am not sure, but
you look at the chart based on the Dominion Textile
Company Grey Mills only, which shows the pounds
per week, and it is very high, and it is very high.

Q. I think it is your general average
of all of the previous charts? A. No, Sir.

Q. It is your No. 2, is it? A. Yes.
Q. Will you please look at the line dealing
with reel wages per week per employee? Am I
correct in my understanding of that line, that it
includes and shows the effect of short time work?

A. Yes, that is the actual reel
worked by the average employee.

Q. Now, how would you interpret the line
as shown by that line dealing with reel wages, and
the line dealing with pounds per week per employee?

A. The trend of both lines for the period of 1913
taking from 1914, which was the first cost of living
index, and the line representing the
showing the reel wages per week per employee and
about 28 1/2 per cent, and the line representing the

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Fessenden

per week per employee, representing the increase in the pounds produced per employee increased over the same period approximately 32 per cent. Throughout the period sometimes one line gets somewhat ahead of the other, and sometimes the second gets ahead of the first, but the two lines generally speaking stick very close together throughout the period, and there is a uniform rise except for very short periods.

Q. Exactly. I would like to leave that particular chart just for the minute. I think you have another chart which shows those same two lines again but on a larger scale. A. No, I beg pardon. The other chart shows pounds produced per employee hour and the average real wage per employee hour.

MR. McRUER: What is it you are at now?

MR. BALLANTYNE: The chart showing pounds produced per employee hour, and the average real wage per employee hour.

BY MR. BALLANTYNE: Q. Have you that chart, Mr. Fessenden? A. Yes.

Q. Would your comments, which you have just made on the two lines in the previous chart, apply also to this one as to the trend shown? A. Yes, the difference would be that on this chart the percentage increase in both lines is very much deeper, because in the first chart we are talking about, the increase was held down by a tendency to

in the period produced per employee increased over the same period approximately 22 per cent. That out the period sometimes on line data a somewhat ahead of the other, and another is the second year ahead of the first, but the two lines generally speaking stick very close together throughout the period, and there is a uniform rise except for very short periods.

Q. Exactly. I would like to leave that part of the chart just for the minute. I think you have another chart which shows those same two lines again but on a larger scale. Is that right? The other chart shows periods of about 20 years but not the same way as the first chart. Is that right?

MR. ROBERTS: That is it you are at now?
MR. BALLANTYNE: The chart showing periods produced per employee hour, and the average real wage.

BY MR. BALLANTYNE: Have you that chart?
A. Yes.

Q. Would your comments, which you have just made on the two lines in the previous chart, apply also to this one as to the trend shown? A. Yes, the difference would be that on this chart the percentage increase in both lines is very much deeper, because in the first chart we are talking about the period was held down by a tendency to

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Fessenden

shorter hours per week. This line shows the increase per hour regardless of how many hours are worked per week.

5 Q. Yes, I follow your point. In the first chart the trend was modified because you took into consideration relative considerations, such as short time. That was one consideration. A. That was one.

10 Q. But this second one shows that same trend in a most absolute form? A. On the basis of one hour.

15 Q. Now, Mr. Fessenden, is it a fair deduction from what these two charts show, and from what you have just told me, that the trend of real wages has followed very closely the productivity of the employees? A. Yes, I would believe that is a fair deduction, except that I should make the one exception that if the relationship did get out of gear through the war, funnily enough just when wages were being increased most rapidly the worker was really falling behind what he should have got in terms of his actual productivity.

20 BY THE COMMISSIONER: Q. You mean on account of the cost of living being so high? A. On account of the cost of living coming up high.

30 BY MR. BALLANTYNE: Q. That is what struck me forcibly when looking at your graph, because I had not expected to see it. Is it also a fair deduction, at the present time at least, that the real wage

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Vessels

shorter hours per week. This line shows the increase
per hour regardless of how many hours are worked per
week.

4. Yes, I follow your point. In the first
except the trend was modified because you took into
consideration relative considerations, such as short
time. That was one consideration. A. That was

5. But this second one shows that same trend
in a most absolute form? A. On the basis of
one hour.

6. Now, Mr. Tassman, is it a fair deduction
from what these two charts show, and from what you
have just told me, that the trend of real wages has
followed very closely the productivity of the
employees? A. Yes, I would have to say

is a fair deduction, except that I should make the
one exception that if the relationship did not cut
of gear through the war, usually enough just when
wages were being increased most rapidly the worker
was really falling behind what he should have got in
terms of his actual productivity.

BY THE COMMISSIONER: Q. You mean on account
of the cost of living being so high? A. On
account of the cost of living coming up high.

BY MR. BALLYANTY: Q. That is what struck me
was the fact that it was not, I think, as
requested to see it. Is it also a fair deduction
of the trend of real wages?

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received by the employee is closer to his productivity than at any other time during the period from 1923 to 1931.

THE COMMISSIONER: Closer now, you mean?

MR. BALLANTYNE: Yes.

THE WITNESS: The fact that they are close, of course, only refers to how close they are compared to how close they were at some other time. There is no real meaning in the fact that they are close.

BY MR. BALLANTYNE: No, but as an indication of the trend? A. Yes.

Q. As to both the real wage and the increased production which has occurred, these lines are useful to show that trend, are they not?

A. Oh yes. The lines were deliberately made to start back in 1914.

Q. Yes? A. And when they get close together it simply means they get back to the relationship which they held in 1914, whatever that relationship was.

Q. Yes, quite so, and for comparative purposes, upon that basis the real wages and the rate of productivity are closer at the present time than they were, say, between 1923 and 1931?

A. Well no, they are not closer.

Q. Perhaps I am starting from the wrong date. Oh yes, I see they crossed each other --

A. Between 1931 and 1932.

Q. Between 1931 and 1932, when the real wage

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received by the employee in order to his prod-
uctivity than at any other time during the period from
1933 to 1931.

THE COMMISSIONER: Closest now, you mean?

THE WITNESS: The fact that they are close, of
course, only refers to how close they are compared
to how close they were at some other time.

BY MR. KALAMANTY: No, but as an indication

of the trend? A. Yes.

Q. As to both the real wage and the increased
productivity which has occurred, these lines are
needed to show that trend, are they not?

A. Yes. The lines were deliberately made to
start back in 1914.

A. Yes? A. And when they get close

together it simply means they get back to the
relationship which they held in 1914, whatever that

A. Yes, quite so, and for a comparative pur-

pose, upon that basis the real wages and the rate
of productivity are closer at the present time than
they were, say, between 1923 and 1914?

A. Well no, they are not closer.

Q. Perhaps I am starting from the wrong date.

A. Between 1914 and 1923.

A. Between 1914 and 1923, when the real wage

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Fessenden

went ahead of the productivity. A. Yes,
and then they crossed again in 1935.

Q. Yes, and then apparently carried on together
for the small remaining portion shown for 1936 on
the chart.

(Page 13622 follows)

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Fessenden.

Q. Now, Mr. Fessenden, will you please turn to a chart which shows two lines, the top one "Average Money Wage per Employee Hour" and the lower one "Average real Wage per Employee Hour" ?

A. Yes.

Q. Now, first of all, that top line, the average money wage, that does not take into consideration, or that does not reflect short time operations ?

A. No.

Q. What that line does show is actual money, cents per hour paid to an employee during that period?

A. To the average employee, yes.

Q. Now, I would like you to follow first of all the trend of that average money wage per employee hour. Apparently there was a sharp --

MR. McRUER: I thought we were on actual week.

MR. BALLANTYNE: No, we are on average money wage per employee hour.

MR. McRUER: Oh yes.

BY MR. BALLANTYNE: Q. Am I correct in saying that that top line shows an increase in money wage from 1930 until the reduction in wages was made by the company in 1933 ?

A. Yes.

Q. And that the increase in wages made by the company in 1934 partially offsets that drop as shown by this line upon this chart ?

MR. McRUER: Well, are these increases in wages or in earnings ?

MR. GORDON: These are wages, I take it.

THE WITNESS: Actual wages paid.

a chart which shows two lines, the top one "Average
wages" and the bottom one "Actual wages".

.. Now, first of all, that top line, the
average money wage, that does not take into consid-
eration, or that does not reflect short time opera-

A. No.
.. What that line does show is actual money,

cents per hour paid to an employee during that pay-
A. To the average employee, yes.

.. Now, I would like you to follow first of
the trend of that average money wage per employee
hour. Apparently there was a sharp --

MR. MORRIS: I thought we were on actual work
MR. RICHARDSON: No, we are on average money
wage per employee hour.

.. Now, in 1938, the company in 1938?
.. and that the increase in wages made by the
company in 1934 partially offsets that drop as shown
by this line upon this chart?

MR. MORRIS: Well, are these increases in wages
or in earnings?

.. Now, that's the question, is it?

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Fessenden

MR. McRUER: Actual wages paid ; it does not necessarily mean an increase in the rate of wages ?

A. It represents what the worker got in his pay envelope.

MR. GORDON: In an hour.

MR. BALLANTYNE: In an hour.

MR. McRUER: Reduced to hours ? A. Reduced to one hour; it does not necessarily mean the wages had been raised. Their earning capacity may have been raised.

THE COMMISSIONER: It may mean both.

MR. BALLANTYNE: It might mean both. I don't know in what proportion but I was asking whether this line did not reflect -- A. Yes, there would be a great number of minor decisions of one kind and another that would result in that. It would be very hard to unravel all the factors which caused the actual pay in the man's envelope to increase as shown in this chart.

MR. McRUER: Just excuse me, while we are at that --

MR. BALLANTYNE: I would like to finish.

MR. McRUER: All right, but it is some times an advantage to have it.

BY MR. BALLANTYNE: Q. Mr. Fessenden, in essence doesn't this top line reflect the rate of wages, fundamentally ? A. I interpret it that way, especially in the cotton textile industry where the productivity per machine is so uniform except when a marked change is made in the machine itself. There isn't the same fluctuation due to personal efforts of the

MR. MOHR: Actual wages paid; it does not necessarily mean an increase in the rate of wages? It depends what the worker got in his pay envelope.

MR. MOHR: In an hour.
MR. MOHR: In an hour.

MR. MOHR: No need to hours? Reduced to one hour; it does not necessarily mean the wages had been raised. Their earning capacity may have been raised.

MR. MOHR: It may mean both.
MR. BALLANTYNE: It might mean both. I don't know in what proportion but I was asking whether this did not reflect --

Yes, there would be a great minor decision of one kind and another that would result in that. It would be very hard to unravel all the factors which caused the actual pay in the man's envelope to increase as shown in this chart.

MR. MOHR: Just excuse me, while we are at it.
MR. BALLANTYNE: I would like to finish.
MR. MOHR: All right, but it is some times an advantage to have it.

BY MR. BALLANTYNE: Mr. Tessaender, in answer doesn't this too line reflect the rate of wages, I mean? A. I interpret it that way.

Generally in the cotton textile industry where the change is made in the machine itself. There is no change in the machine itself. There is no change in the machine itself. There is no change in the machine itself.

employee except as he is given a larger machine assignment.

5 Q. So that drop in the line which you show in 1933 does reflect the cut in wages which was made at that time ? A. Yes, it shows as a slanting line, but that is simply because the points are joined as points, and this one point is joined up to another. It does not mean the wages declined gradually like that. A sudden drop over night in decreased rates or a sudden increase in the piece rates might show here as a slanting line whereas in fact it would happen over night.

10 Q. Yes, and to that extent that reflects -- the chart increase in the line reflects the increase in the rate of wages paid. I mean the down-stroke of that line represents the decrease in 1933 and the up-stroke reflects the increase in the rate of wages?

15 A. Oh yes, and most of these increases were traceable. I traced them through in different operations, and so on. However, as I say, to trace all the factors entering into it would be a very big job.

20 Q. Now, on that same chart, Mr. Fessenden, would you be good enough to look at the line representing the average real wage per employee hour, and am I correct in my reading of that line that it shows that the average real wage has risen very sharply since 1930, and that it is to-day at a much higher level than 1930, or than at any other time prior thereto ?

25 A. The line where it is now is higher than at any previous time shown during this period except in 1935

Q. So that drop in the line which you show in 1983 does reflect the cut in wages which was made at that time?

A. Yes, it shows as a slanting line, but that is simply because the points are joined as points, and this one point is joined as a point. It does not mean the wages fell in 1983-84 like that. A sudden drop over night in decreased rates or a sudden increase in the piece rate might show here as a slanting line whereas in fact it would happen over night.

A. Yes, and to that extent that reflects the slight increase in the line reflects the increase in the rate of wages paid. I mean the down-stroke that line represents the decrease in 1983 and the up-stroke reflects the increase in the rate of wages. Oh yes, and most of these increases were traced I traced them through in different operations, and on. However, as I say, to trace all the factors or taking into it would be a very big job.

A. Now, on that same chart, Mr. Rosenberger, would you be good enough to look at the line representing average real wage rate, and as I said, that is my reading of that line that it shows that the average real wage has risen very sharply since 1930, and that it is today at a much higher level than 1930, or than at any other time prior thereto. The line where it is now is higher than at any other time in this period except in 1930.

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Tessenden

it was slightly higher and in 1933 it was slightly higher. Apart from those two little peaks the present position represents an increase from 1930.

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BY THE COMMISSIONER: Q. In 1927 it is up ?

A. Yes, my lord; Mr. Ballantyne was asking me to speak of the stretch from 1930 to the present time.

10

BY MR. BALLANTYNE: Q. Yes, and compare that with what had gone before ? A. Yes, that stretch taken as a whole, from 1930 to 1936, there is an upward trend, and is above the level reached previous to that going back as far as 1912.

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Q. Considerably above ? A. It starts at the level and it goes from an equivalent of 17 1/2 up to 24.

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BY THE COMMISSIONER: Q. It would be at its highest in 1933 ? A. Which is 37 per cent increase.

Q. I say it is at the high point in 1933 ?

A. Oh yes.

Q. 1933 was highest ? A. 1933 was highest; I did not refer to that in speaking of the percentage.

Q. Was it in 1933 there was a reduction ?

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MR. BALLANTYNE: Yes, my lord, April 1933, and exactly -- I think almost 12 months later there was a restoration of 5 per cent of the ten per cent cut.

MR. McRUER: Five per cent --

MR. BALLANTYNE: Five per cent.

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MR. BEAUREGARD: Of the difference -- of the reduced figure.

it was slightly higher and in 1938 it was slightly
higher. Apart from these two little peaks the pre-
sented a general downward trend from 1927
BY THE CHAIRMAN: Q. In 1937 it is up?
A. Yes, my lord; Mr. Ballantyne was asking me
of the stretch from 1930 to the present time.
Q. What was the trend?
A. Yes, that is
what had gone before?
taken as a whole, from 1930 to 1936, there is an
upward trend, and in above the level reached previously
that going back as far as 1912.
A. It is
... Considerably above?
at the level and it goes from an equivalent of 17
up to 24.
BY THE CHAIRMAN: Q. It would be at 17
highest in 1933?
A. Which is 37?
Q. I say it is at the high point in 1933?
A. Oh yes.
Q. 1933 was highest?
A. 1933 was highest?
I did not refer to that in speaking of the general
Q. Was it in 1933 there was a reduction?
A. Yes, my lord; that is what I said.
exactly -- I think almost 12 months later there
a restoration of 5 per cent of the ten per cent
MR. HODGSON: Five per cent --
MR. BALLANTYNE: Yes, my lord.
MR. BALLANTYNE: Of the difference -- of the
... time.

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Fessenden

MR. BALLANTYNE: Yes, I apologize for my mathematics.

MR. GORDON: Actually 5 per cent was put back on the lower rate of wages.

5 MR. BEAUREGARD: On the reduced figure.

THE WITNESS: Here are the actual changes recorded in addition to the accumulative effect of all the odds and ends. This was a figure I could trace from these recorded changes and this is the figure found by taking
10 the actual pay roll and dividing by the actual hours, and the difference would have to be explained by odds and ends of particular operations.

BY MR. BALLANTYNE: Q. Now, Mr. Fessenden, I
15 just want to ask you with regard to one more chart. You have a chart prepared showing two lines, the top one "Average Money Wage per employee per actual week" and the line below it "Average real wage per employee per actual week", and on the side you have this measured against dollars, \$5., \$10., and \$15. ?
20 A. Yes.

Q. Now, taking the top line first, the "average money wage per employee"; will you interpret to me the trend of that line from the high point in 1921 ?
A. In 1921 the average money wage per employee per
25 actual week was \$14.50 and some odd cents. The next year, 1922, it had dropped to about \$10. -- I beg your pardon, \$12.50.

BY THE COMMISSIONER: Q. What is the top one ?
A. \$14.50, my lord. In 1922 the line had dropped to
30 about \$13.-- is that a correction from what I said before ?

MR. HALL: Yes, I apologize for my rather
hasty notes.
MR. GOVERN: Actually I am not sure but back
on the lower rate of wages.
MR. HALL: On the reduced figure.
THE CHAIRMAN: Here are the actual changes recorded
in addition to the accumulative effect of all the other
and ends. This was a figure I could trace from these
recorded changes and this is the figure found by taking
the actual pay roll and dividing by the actual hours
and the difference would have to be explained by other
and ends of particular operations.
Just want to ask you with regard to one more point.
We have a figure showing during the year, 1931, the
"Average Money Wage per employee per actual week"
and the line below it "Average real wage per employee
per actual week", and on the side you have this number
1. Now, taking the top line first, the "Average
money wage per employee"; will you interpret to me
the trend of that line from the high point in 1921?
In 1921 the average money wage per employee per
actual week was \$14.50 and some odd cents. The next
year, 1922, it had dropped to about \$10. -- I beg
my pardon, \$11.50.
MR. THE COMMISSIONER: What is the top one?
That is the top one. It is the line for the
"Average Money Wage per employee per actual week".
Is that a correction from what I said?

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Tessenden

Q. Yes ?

A. I am sorry, it should be \$13. In 1923 the level was about \$12. In 1924, the level was about \$11.55. In 1925 approximately \$12. In 1926, approximately \$12. In 1927 approximately \$12.60. 1928, approximately \$13.00. 1929, approximately \$12.75. 1930, \$12.90. 1931, \$12.60. 1932, \$12.60. 1933, \$11.95. 1934, \$11.75. 1935, \$11.95, very close to \$12. 1936, \$11.60 to 70 cents.

BY MR. BALLANTYNE:

Q. Now, I have only two questions I want to ask with regard to that line. First of all that line shows the effect of the short time operations where they exist ? A. Yes.

Q. So that it could be read with the chart which shows the actual weekly hours per employee during the period ? A. Yes.

Q. My second point is this; it is in the evidence that in 1933 there was a ten per cent cut in wages. Now, according to this line, this line to me, the top line, does not show a drop of ten per cent.?

A. In what year ?

Q. In 1933 ?

A. 1933 ?

Q. Yes; now, am I correct in saying that the reason why this line does not reflect the ten per cent drop is because the hours of labour after that cut -- that there were more hours of labour after the ten per cent cut ? Would that explain why the line does not show the ten per cent drop ? A. No, I would say it is because the cost of living came down.

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Fessenden

Q. No, I am still on the top line, Mr. Fessenden,
the money wage? A. Oh, I beg
your pardon.

MR. McRUER: Worked more hours and a little less
money.

BY MR. BALLANTYNE: Q. Would that be the expla-
nation? A. Would you repeat your ques-
tion? I was watching the wrong line.

Q. My question was that this top line, the aver-
age money wage does not reflect the ten per cent cut
in 1933, nor for that matter does it seem to reflect
the increase in 1934, and I ask you would the expla-
nation of that be in the case of 1933 that there
were more hours worked per week and that in 1934 there
were less hours worked per week? A. In
1933 there were 41.2 hours worked and in 1934 there
were 45.3.

MR. GORDON: You are a year behind.

MR. BALLANTYNE: Are you a year behind?

BY MR. McRUER: Q. 1933 how many hours?
A. 1933, 41.2 hours.

Q. What is 1934? A. 45.3 hours.

Q. What is 1935?

BY MR. BALLANTYNE: Q. Yes, 1935, let us have
that one? A. 43.0.

Q. And 1934 was 45 -- A. 45.3.

BY MR. McRUER: Q. 1936, can you give us that
too? A. 42.6.

BY MR. BALLANTYNE: Mr. Fessenden, the cut was
made in the beginning of 1933? A. The cut was

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... on the top line, Mr.

Your pardon.

MR. MORRIS: Worked more hours than in 1933.

Money.

BY MR. MORRIS: ... would that be

... would you ...

tion? I was watching the wrong line.

My question was that it is top line, ...

... of reflect the top line ...

in 1933, not for that matter does it seem to ...

the increase in 1934, and I ask you would the ...

nation of that be in the case of 1933 that the ...

were more hours worked ... that in 1933

were less hours worked per day?

1933 ...

... 42.5.

MR. MORRIS: ...

... also you a year behind?

BY MR. MORRIS: ... 1933 how many hours?

A. 1933, 41.8 hours.

Q. What is 1934?

A. 42.5 hours.

Q. What is 1935?

A. 42.5 hours.

BY MR. MORRIS: ...

... 42.5.

BY MR. MORRIS: ...

... 42.5.

BY MR. MORRIS: ...

made --

Q. In April, 1933 ?

A. In April, 1934.

Q. No, that was the date of the restoration.

THE COMMISSIONER: Before that; you have the increase now.

MR. BEAUREGARD: In April, 1933, the cut.

THE COMMISSIONER: I saw it there on that peak a moment ago.

MR. BALLANTYNE: Don't the points in your chart refer to the year behind, behind the point.

THE COMMISSIONER: Then, what would the last point refer to ?

MR. GORDON: It would be the year ending March 31st, 1936.

THE WITNESS: Might I find out just how the chart is drawn up? Of course, I think the mix-up is due to this chart showing 1936. That is really three-quarters of 1935 and one-quarter of 1936, because this is the fiscal year.

BY THE COMMISSIONER: Q. The fiscal year?

A. Yes.

MR. McRUER: But the cut of April, 1933 would be shown in the 1934 year? A. That would be reflected in the 1934 earnings.

BY MR. BALLANTYNE: Q. And the increase would reflect in the 1935 period ? A. The increase of April, 1934 would reflect on the point in the chart above 1935.

Q. Now, in contrast to the average money wage per employee per actual week what has been the trend

1983

1983

Q. In April, 1983?
A. In April, 1983?
Q. No, that was the date of the restoration.
THE COMMISSIONER: Before that; you have the
...
... In April, 1983, the end.
... I saw it there on that page
... a moment ago.
MR. BALLANTYNE: Don't the points in your chart
refer to the year behind, behind the point.
THE COMMISSIONER: Then, what would the last
point refer to?
... It would be the year ending March
...
THE WITNESS: Might I find out just how the
chart is drawn up? Of course, I think the mix-up
is due to this chart showing 1983. That is really
three-quarters of 1983 and one-quarter of 1984, be-
cause this is the fiscal year.
...
... Yes.
... But the end of April, 1983 would
... shown in the 1984 year?
... reflected in the 1984 earnings.
BY MR. BALLANTYNE: And the increase would
... The increase
... April, 1984 would reflect on the point in the chart
above 1983.

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of the average real wage per employee week? I do not want to take it year by year but just in general terms.

BY THE COMMISSIONER: 1. In these three years it has remained exactly the same, 1933, 1934 and 1935?

5 A. Yes, my lord.

C. Notwithstanding the increase and decrease in rates.

MR. BALLANTYNE: Yes, that is my point.

10 THE COMMISSIONER: The average real wage is the same here in 1933, 1934 and 1935.

15 BY MR. BALLANTYNE: Now, apart from the charts, Mr. Fessenden, I have only one or two questions I would like to ask you. On the copy I have -- I think it is numbered differently from yours -- but the first point I wanted to ask you about is on page 13 of your report, dealing with spinning. Dealing with the spinning you show a comparison of the wages paid by various mills including W. Basso, after which you have a note "girls men". Is it not a fact, or have you observed that 99 per cent at least of the ring spinners of the Hochelaga, Merchants, Montmorency and Sherbrooke mills are girls.

20 THE COMMISSIONER: What percentage?

25 MR. BALLANTYNE: 99 per cent; for all practical purposes I am instructed they are all girls.

THE COMMISSIONER: The spinners.

30 MR. BALLANTYNE: Ring spinners; you are dealing with ring spinners here, are you not? A. Yes, your statement is in accordance with my observations.

... want to take it year by year but just in general terms
... has remained exactly the same, 1933, 1934 and 1935?
...
... THE COMMISSIONER: The average real wage is the
...
... THE COMMISSIONER: Now, apart from the charts,
...
... Mr. Macdonald, I have only one or two questions I
... would like to ask you. On the copy I have -- I find
... it is numbered differently from yours -- but the first
... point I wanted to ask you about is on page 13 of your
... report, dealing with spinning. Dealing with the spin-
... ning you show a comparison of the wages paid by
... various mills including W. Passco, after which you have
... a note "girls men". Is it not a fact, or have you ob-
... served that 82 per cent at least of the ring spinners
... of the Hochelaga, Montmorency and Sherbrooke
... mills are girls.
... THE COMMISSIONER: What percentage?
... MR. BALMANTYNE: 82 per cent; for all practical
... purposes I am instructed they are all girls.
... THE COMMISSIONER: The spinners.
...
... with ring spinners here, are you not?
... your statement is in accordance with my observations.

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Fessenden

Q. I wanted to draw your attention to that, Mr. Fessenden, because on the report it to my mind affects the comparison in some way.

THE COMMISSIONER: What does the report say?

MR. BALLANTYNE: The report -- it gives the name of the mill, Hochelaga, for example, is .295 cents per hour, and the corresponding pay full week 55 hours and the amount. I just want it to be made clear that the spinners in the Dominion Textile mills were girls.

THE COMMISSIONER: And consequently producing less?

MR. BALLANTYNE: No, simply showing that we are paying our girl spinners as much as men would be paid.

MR. GORDON: They are strictly speaking, women. They are not necessarily chickens.

BY MR. BALLANTYNE: Now, the next question, on page 14 you deal with doffers and you make a comparison between doffers in the United States and in Canada and you also say "These doffers in the States are usually mature people while in some of the Canadian mills much younger boys and girls are employed for this work". Is it not a general rule that there are more doffers employed in Canada than in the United States for any given particular job?-- W. We did observe that in the United States the doffers usually worked in pairs whereas in the Canadian mills where younger doffers were used they usually worked in gangs, four or five or six in a gang, but we did not make any detailed study of that operation in the way that we did of the spinning and weaving.

I wanted to draw your attention to that, because on the report it to my mind at
THE COMMISSIONER: What does the report say?
MR. BALLANTYNE: The report -- it gives the
of the mill, Hochelaga, for example, is 235 cents
hour, and the corresponding pay full week 55 hours
the amount. I just want it to be made clear that
owners in the Dominion Textile Mills were girls.
THE COMMISSIONER: And consequently promoting
MR. BALLANTYNE: No, simply showing that we are
MR. JOHNSON: They are strictly speaking women.
They are not necessarily chickens.
BY MR. BALLANTYNE: Now, the next question, on
page 14 you deal with debtors and you make a com-
parison between debtors in the United States and in
Canada and you also say "these debtors in the States
are naturally native people while in some of the Cana-
dian mills much younger boys and girls are employed
for this work". Is it not a general rule that there
are more debtors employed in Canada than in the
United States for any given particular job?
We did observe that in the United States the debtors
usually worked in pairs whereas in the Canadian
mills the younger debtors were used they usually
worked in gangs, four or five or six in a gang, but
in the way that we did of the spinning and weaving.

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Fessenden

Q. Yes ? A. So I cannot really say whether two of these younger doffers did the work that one doffer did in the States or not.

Q. Now, on page 15 headed "Level of Wages - Canadian and American mills", do the figures that you give with regard to the United States mills include the converting plants ? A. They are figures given to me as referring to the cotton textile mills.

MR. Mc RUER: Let me understand what you mean when you say the figures. For instance, he deals with doffers and weavers and spinners.

MR. BALLANTYNE: I do not mean that. On page 15 there is a general comparison.

MR. McRUER: Oh yes, I beg your pardon.

MR. BALLANTYNE: Showing average wages paid throughout the industry and distinguishing between north and south in the United States. The reason why I am asking you this question is because I understand the wages paid in converting plants are considerably higher than they are in the grey mills ?

A. Well, the earnings which I actually found to exist in the grey mills which we visited were well up to these averages so these averages are not above the levels actually paid in grey mills in the States.

Q. Now, Mr. Fessenden, can you tell us from your investigation -- I will refer you just for a minute to the bottom of that page 15. You show "Percentage increase in hourly rate", and "Percentage increase per actual full time week" resulting from

... Yes ?
... I cannot recall
... whether two of these younger doctors did the
... that one doctor did in the States or not.
... Now, on page 13 is added "Level of Wages -
... Canadian and American Wages", on the figures that
... give with regard to the United States mills include
... the converting plants ?
... They are first
... given to me as referring to the cotton textile mill
... MR. McRURRY: Let me understand what you mean
... you say the figures. For instance, he deals with
... doctors and weavers and spinners.
... MR. BALLANTYNE: I do not mean the 1. On page
... there is a general comparison.
... MR. McRURRY: Oh yes, I beg your pardon.
... MR. BALLANTYNE: Showing average wages paid
... throughout the industry and illustrating between
... north and south in the United States. The reason
... I am asking you this question is because I under-
... stand the wages paid in converting plants are con-
... siderably higher than those in the spinning mills.
... A. Well, the earnings which I originally found to
... list in the grey mills which we visited were well
... to these averages so these averages are not above
... the average actually found in the grey mills in the States.
... Now, Mr. McRurrian, can you tell us from
... your investigation - I will leave that part to
... State in the matter of the 1. The 1914
... "Percentage increase in hourly rates", and "Percentage
... increase in actual fall price" -

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the introduction of the N.R.A. into the United States. From your investigations can you tell us in a general way how the level of American textile wages both in the north and the south compared with Canadian rates before the introduction of the N.R.A.?

A. Well, I think those figures are in the report. Did I not give the figures that would give that comparison?

MR. GORDON: You did for weavers, I think, in one particular place.

THE WITNESS: I can give the figures for the various occupations.

MR. BALLANTYNE: Mr. Gordon has pointed me out one on page 16 that I am afraid I had forgotten about.

M. McRUER: Well, the mathematical calculation will show them anyway, figuring back. He gives the increase here.

THE WITNESS: For instance, in southern mills in July, 1933 before the N.R.A. became effective male weavers averaged 23.5 cents; female weavers averaged 21.5 cents. Male spinners averaged 19.7 cents; Female spinners averaged 16.1 cent, and in the northern mills male weavers averaged 30.1 cent and female weavers 28.3 cents. Male spinners averaged 27.3 cents, and female spinners 23.9 cents. These figures will tie up with the averages which I show giving the percentage increase after the N.R.A. as compared to before.

BY MR. BALLANTYNE: Well, these figures at that time would have been lower than the Canadian

the introduction of the W.R.A. into the United States. From your investigations can you tell us in a general way how the level of Mexican textile wages both in the north and the south compared with Canadian rates before the introduction of the W.R.A. Well, I think those figures are in the report. Did I not give the figures that we had given that comparison?

MR. GORDON: You did for weavers, I think, in one particular place. THE WITNESS: I can give the figures for the various occupations.

MR. GORDON: Mr. Gordon has pointed me out one on page 16 that I am afraid I had forgotten and W. BRYDIE: Well, the mathematical calculation will show them anyway, figuring back. He gives the increase here.

THE WITNESS: For instance, in southern mills in July, 1935 before the W.R.A. became effective male spinners averaged 22.5 cents, female weavers averaged 21.5 cents. Male spinners averaged 19.7 cents; female spinners averaged 16.1 cent, and in the northern mills male weavers averaged 20.1 cent and female weavers 18.5 cents. Male spinners 23.9 cents. These figures will tie up with the averages which show giving the percentage increase after the W.R.A. as compared to before.

MR. BRYDIE: Well, these figures as that time would have been lower than the Canadian

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Fessenden

wage level ?

A. I would say the Canadian wage level straddled these figures. Some mills would be above and some below.

THE COMMISSIONER: Mr. Ballantyne, we will take a few minutes off now.

-- The Commission adjourned for a short recess.

Page 13637 follows

... I would say the ...
... level ...
... and ...

... : Mr. Ballantyne, we will ...
... few minutes off now.

... the ...

page 1887 follows

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-- After recess.

MR. BALLANTYNE: Q. I understand you want to make a slight correction to the last answer that you gave after having checked it up during the interval?

5 A. Yes, my lord, I was asked how the Canadian wages, which I have shown, compared with the wages in the States before the N.R.A. became effective and I stated that the Canadian wages straddled the American level, 10 which, when I looked up my details, seems to be a little bit misleading because taking the Canadian weave hourly rate each one is higher than the average for the South on that operation before the N.R.A. but they straddle the average for that operation in the 15 North before the N.R.A.

Q. You mean to say, some places above it and some below it? A. No, there are two levels in the States.

20 Q. Yes, I know but I am talking of the north. You say they are higher than the north, they straddle the north? A. Yes, and ---

Q. In what way? A. Some of them are higher than the average.

25 Q. Of the North? A. Yes, but only the North, and then when I come to the spinning hourly average level, each Canadian hourly rate for spinning is well above the Southern average for that occupation and it is also above, although not so far above, 30 the Northern level. That is, each one of the mills

-- After recess.

Q. BALLANTYNE: I understand you want to say
a slight correction in the last part of the
after having checked it up during the interval?

A. Yes, my lord, I was asked how the Canadian wages,
which I have shown, compared with the wages in the
States before the W.R.A. became effective and I stated
that the Canadian wages straddled the American level,
which, when I looked up my details, seems to be a

little bit misleading because taking the Canadian
average hourly rate each one is higher than the average
for the South on that operation before the W.R.A.
but they straddle the average for that operation in
North before the W.R.A.

Q. You mean to say, some places above it and
some below it? A. No, there are two levels in
the States.

A. Yes, I know but I am talking of the north.
You say they are higher than the north, they straddle

Q. In what way? A. Some of them are
higher than the average.
Q. Of the North? A. Yes, but only the

North, and then when I come to the spinning hourly
average level, some of the mills are spinning
is well above the average level for that operation
and it is high level, without any of the mills
the Southern level. That is, each one of the mills

is above the level both in the North and in the South in the case of spinning.

Q. And you are speaking of hourly rates?

A. I am speaking there purely of hourly rates.

THE COMMISSIONER: Q. Hourly rates? A. Hourly rates, actual pay.

MR. BALLANTYNE: Q. In the summary of your report which was read, you spoke of --- Just before we leave that question of the N.R.A. is not it true that the N.R.A. scale contemplated double shift operations up to 80 machinery hours? A. Yes.

Q. With a practice to employ female help and junior help in both shifts. A. That is ---

THE COMMISSIONER: Q. 80 hours a week? A. Two - 40-hour shifts.

MR. BALLANTYNE: Yes, my lord, 80 hour week.

Q. Did you answer that? A. As I understood it in the States the N.R.A. brought into being two shifts of 40-hours each but excluded the possibility of a third shift and that has been almost completely carried on since the N.R.A. became ineffective.

Q. Yes, but the basis of the wages was on a plan of having two- 40-hour shifts? A. Yes, sir.

Q. Both women and junior help in both shifts?

A. Oh, yes.

Q. Now, in the Summary of your report ---

THE COMMISSIONER: You mean in the night shifts too? A. It is not really a night shift.

is above the level both in the North and in the South
in the year of 1940.

Q. And you are speaking of hourly rates?

A. I am speaking there purely of hourly rates.

THE COMMISSIONER: Q. Hourly rates? A. Hourly

rates, actual pay.

MR. HALLAM: Q. In the summary of your report

which was read, you spoke of --- Just before we last

that question of the N.R.A. is not it true that the

N.R.A. scale contemplated double shift operations

up to 80 machinery hours? A. Yes.

Q. With a practice to employ female help and

junior help in each shift, A. That is ---

THE COMMISSIONER: Q. 80 hours a week? A. Two

shifts.

MR. HALLAM: Yes, my lord, 80 hour week.

Q. Did you answer that? A. As I understand

it in the States the N.R.A. brought into being two

shifts of 40-hours each but excluded the possibility

of a third shift and that has been almost completely

carried on since the N.R.A. became ineffective.

A. Yes, but the basis of the wages was on a

plan of having two 40-hour shifts? A. Yes, sir.

Q. With your own limit 80 in both shifts

A. Yes, yes.

Q. Now, in the summary of your report ---

THE COMMISSIONER: Yes, my lord, in the first shift

to be paid 80 hours a week.

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One starts early in the morning and works until 3 o'clock, something like that, and then the other starts and works until about 10 or 11 o'clock.

5 MR. BALLANTYNE: Q. Now, in the Summary of your Report you spoke about strain placed upon employee and employer relationship by technical changes and you also spoke about the fixing of job assignments. Now, is it to your knowledge that the period of greatest
10 technological changes in the Dominion Textile Company was between the years 1924 and 1930? A. As I got the history of it that would be the period when the changes were at least under way.

15 Q. Well, I will put it this way: When the major changes in the methods of operations were being carried out? A. Yes.

20 Q. Now, is it to your knowledge that the Dominion Textile Company in fixing a job assignment first of all does this thing: It takes the time of any given operation ---

25 MR. McRUER: You are asking him as to his knowledge. Does he know anything more about it than what he told us. We have already had evidence on it.

30 MR. BALLANTYNE: Q. I am asking you - from your examination of the records kept by the Company is it correct to say that in fixing a job assignment the first thing they do is to time the operation and take into consideration the variables of labour and machinery? A. In what mill?

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Witnesses

One starts early in the morning and works until 8
o'clock, sometimes 10, and then the other starts
and works until about 10 or 11 o'clock.
MR. BALLANTYNE: Now, in the Summary of your
Report you spoke about the fact that you imposed an
employer relationship by technical changes and you
stated that the time of job assignments. Now,
is it to your knowledge that the period of greatest
technical changes in the Textile Company
was between the years 1924 and 1930?
A. Yes.
Got the history of it that would be the period when
the changes were at least in that way.
MR. BALLANTYNE: I will put it this way: When the
major changes in the methods of operations were being
made, is it to your knowledge that the Textile
Company in fixing a job assignment first of
all does this thing: It takes the time of day
and the time of day?
A. Yes.
MR. BALLANTYNE: You are asking him as to his know-
ledge whether he knows anything more about it than what he
has already had evidence on it.
MR. BALLANTYNE: I am asking you - from
your knowledge of the fact that the Textile Company is
first thing they do is to time the operation and
into consideration the variables of labour and

Q. Well, take fixing an assignment in the weave department of the Hochelaga Mill, if you like, or as a matter of general practice in fixing any job assignment?

5 A. You mean head office would take certain studies in some mill and then would set assignments in the other mills?

Q. Yes. Not necessarily the head office but the officer who is working on fixing that assignment?

10 A. Would you say that they do that in each mill?

Q. Yes, I would or did during this period - is that your knowledge? A. I knew that studies had been made in each mill, but this thing of machine assignment and the work resulting from machine assignment is not something that can be fixed once and that will keep in balance for any length of time. My information from the mills in the States is that these tests have to be taken quite frequently and I don't argue that the Dominion Textile Company don't take a lot of tests. As I say, I am not arguing basically that their machine assignments are wrong although the analysis shows that they are not perfect, but ---

25 Q. quite, you would hardly expect ---

MR. McRUER: Let him finish.

MR. BALLANTYNE: ---machine assignment in each Company to be perfect throughout? A. Well, I think the larger the Company the more perfect it should be but the main criticism in the report is not on the point you are talking about at all but on the method

Q. Well, take fixing an assignment in the weas
department of the Hochelaga Mill, if you like, or
a matter of general practice in fixing any job assa
ments? A. You mean head office would take
tain studies in some mill and then would set assign
in the other mills?
Q. Yes. Not necessarily the head office but
the officer who is working on fixing that assignment
A. Would you say that they do that in each mill?
Q. Yes, I would or did during this period - is
that your knowledge? A. I knew that studies
had been made in each mill, but this thing of machi
assignment and the work resulting from machine assign
ment is not something that can be fixed once and th
will have to be done for each mill.
information from the mills in the report is that
tests have to be taken quite frequently and I don't
know that the machine tests are taken every
lot of tests. As I say, I am not arguing basically
that their machine assignments are wrong although th
analysis shows that they are not perfect, but ---
Q. Quite, you would hardly expect ---
MR. MORRIS: Let him finish.
MR. BALLANTYNE: ---machine assignment in each
Q. Well, I
to the larger the Company the more perfect it sho
is that the main criticism in the report is not on th
that you are talking about is not all in the report

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the Company followed in placing their reasoning on paper where it should be argued out with the employees.

Q. Speaking of your knowledge that when they make a change in any machine job, that when they make that change they go to the Department which is going to be affected and they test their job by getting, say, 2---

A. You are back to the same point.

Q. Say it is a weave job, that they test their assignment of work by having one or two weavers in the Department take on the new assignment, with the understanding that it is a test that is being made and that they get paid by the hour if they want to - is it to your knowledge that they actually do that?

A. I believe that that is quite possibly done. I cannot say from my own experience whether it is done in all the mills. I know it has been done. But even if that is done it does not come anywhere near this set of principles which I lay down as a result of my experience in these mills as being necessary to having a really clear-cut picture that can be put before the employees.

Q. I am not really trying to prove by you that we live up 100 per cent to every principle enunciated in the report but what I am trying to prove through you - assuming that is done, that in the weaving department one or two weavers will be given the new assignment and they will have an actual practical test and this will be followed up according to the

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... Company followed in placing their respective
paper where it should be argued out with the original
... Speaking of your knowledge that when they make
a change in any machine job, that when they make the
change they go to the Department which is going to be
allocated and they test their job by getting, say, 2-
A. You are back to the same point.
... it is a weave job, that they test their
assignment of work by having one or two weavers in
the Department take on the new assignment, with the
understanding that it is a test that is being made
and that they get paid by the hour if they want to -
is it to your knowledge that they usually do so?
... I believe that that is quite possible. I
... But even if the
mills. I know it has been done.
is done it does not come anywhere near this sort of
principles which I lay down as a result of my experience
in these mills as being necessary to having a really
clear-cut picture that can be put before the employer
... I am not really trying to prove by you that
live up 100 per cent to every principle mentioned
in the report but what I am trying to prove through
you - assuming that is done, that in the weaving
Department one or two weavers will be given the new
assignment and they will have an actual practical
test and this will be followed up according to the

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experience found from the operations of those two weavers, would not the foreman of that department and would not the other weavers in that department know that test was being made on new job assignments and would not they watch and see whether Joe Nadeau, or whoever was putting on the test to see how he is getting on? A. They might but what reason have they to have any confidence that there is going to be any basic principle. Bill Jones may be a very good worker, he may take this test, he may do it perfectly and the company may say, "All right, that proves it can be done and we are going to set piece rate on our regular basic rate of 33 cents." Now, what provision is there for giving confidence to the employee whether he works hard or not the standard is going to be based on something apart from his speed of working and that his speed of working what is going to affect his pay and not affect the piece rate that is just being set?

Q. Well, there are others to give him confidence- if he sees a fellow employee able to do a new job and if he is put on that new job after that has been done - he does work as well or better or perhaps worse than the people who were used in the test- he has some idea of what he is being asked to do, has he not? A. Oh, yes, it is better than nothing but it is far short of the principles that I have laid down here as necessary if this kind of

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development work is followed.

THE COMMISSIONER: Q. What would you say exactly of this given case - how should the management proceed?

A. According to these principles, my lord.

Q. Well, take the case that Mr. Ballantyne gave you. What should they do in your opinion to satisfy the worker, reconcile him to the changes?

A. Instead of just making a test to see whether the worker can

do so many machines the machine assignment should be

worked out according to its basic principles, which

allows so much for idle time - not necessarily the

employee has to take that idle time; he is going to

be paid for it whether he takes it or not. Then

there is so much for patrol time and then so much time

for correcting stops on the loom and it is mathmatically

worked out and ---

Q. What you mean to say - all this should be

discussed with the worker? A. Yes, my lord.

That is the experience in the States unless it is

discussed it is bound to lead to trouble. They

feel over there they made a great mistake in the past

in thinking it was not necessary and they had a great

deal of labour trouble. You can go through the

mills and feel the worker is held back even yet,

and I believe a great deal of possible production is

lost just because the workers have not got the idea

in their heads that in the long le run they are bound

development work is followed.

According to these principles,

You. What should they do in your opinion to assist

the worker, reconcile him to the changes? A. In the

of just making a test to see whether the worker can

worked out according to its basic principles, which

allows so much for idle time - not necessarily the

employee has to take that idle time; he is going to

be paid for it whether he takes it or not. Then

there is so much for patrol time and then so much

for correcting stops on the loom and it is natural

worked out and ---

Q. What you mean to say - all this should be

discussed with the worker? A. Yes, my lord.

That in the experience in the States unless it is

discussed it is bound to lead to trouble. They

feel over there they made a great mistake in the past

in thinking it was not necessary and they had a great

deal of labour trouble. You can go through the

and I believe a great deal of possible production

that the workers have not got the idea

in their heads that in the long run they are now

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to get higher real wages if they do more work, they have better confidence that their rate will work out on that basis.

5 MR. BALLANTYNE: Q. But, Mr. Fessenden, these weavers for example know that their job is set to yield a certain basic pay? A. Yes, that is the trouble.

Q. And they know, some of them, that when they work harder or more efficiently they will earn more than that? A. Very little, the margin ---

Q. On the spinners, I think, if my recollection is right? A. In that one mill because they can get ---

Q. I will sum it up.

15 MR. McRUER: Just let him answer.

THE WITNESS: He illustrates my point there, they get more earnings but they are not doing the work which calls for such earnings. The Hochelaga mill which does the work does not get the earnings.

20 MR. BALLANTYNE: Q. I have just got this question, as I understand it - I put to you what you may consider to be a rough and ready way or anything you like of fixing job assignment and you say to me in that case you should explain this process of fixing the job to the workers involved. Now, what is the attitude of the labour union in the United States to that engineering method of approach to these jobs?

25 30 A. In New Bedford the Barnes Textile Associates that I was telling you about before had a contract to do

to get higher real wages if they do more work, they
have better confidence that their rate will work
out on that basis.

MR. BALLANTYNE: But, Mr. Resenden, these
weavers for example know that their job is set to give
a certain basis pay?

A. And they know, some of them, that when they work
faster or slower they will get more or less
that?

A. Very little, the margin ---
Q. On the spinners, I think, if my recollection
is right? A. In that one will because they
set ---

A. I will sum it up.
MR. MURPHY: Just let him answer.

THE WITNESS: He illustrates my point there, they
get more earnings but they are not doing the work
which calls for such earnings.
The Hochelaga mill
which does the work does not get the earnings.

MR. BALLANTYNE: I have just got this question
as I understand it - I put to you what you may consider
to be a rough and ready way or anything you like of
fixing the wages and pay for the work done
you should maintain this process of fixing the pay

to the workers involved. Now, what is the attitude
of the labor union in the United States to that
suggested method of approach to these things?

In New Bedford the Baines Textile Association that
I was telling you about before had a contract to do

5 this reorganization work, specialization of operations
in 16 mills in New Bedford and this district is very
highly unionized and Mr. Batty, who was a loom fixer
himself before he became an official in the Labour
Union, was the Secretary of all these unions. The
engineers set up an office in the town and they made
their studies in the mills and they got Mr. Batty
down to these studies and they explained every move
10 they were making until he saw it was logical. Then
there was no necessity of going further with the
workers because Mr. Batty had the confidence of those
workers and the work went then smoothly, no ---

15 Q. I know. I am asking you as a general thing
the attitude of organized labour in the United States,
United Textile Workers ? A. Well, don't
misunderstand me, I am not saying a word about unions.

20 Q. No, I am not saying that. I am just asking
you in a general way if you know what the attitude
of the organized Textile labour unions in the United
States is to what I am calling the engineering
approach, the engineering method of fixing jobs,
25 putting --- A. I would think that question
was rather outside of what I was supposed to investi-
gate.

Q. All right, it is, I won't ask you for an answer.

30 A. I would say this, that if the attitude of the
union against this, it illustrates what I spoke of
before that there has been a great deal of abuse

of the taking of time studies and setting of piece rate, and that is what this set of principles that are laid down is designed to prevent.

5 MR. McRUER: If that was followed they would have a better opportunity of following ---

THE WITNESS: It would take time, it would take years but I do not believe there is anything that would do more good for Canada.

10 MR. BALLANTYNE: Q. Would you say that the fact that there had been no labour trouble over this period of so-called strain was not an indication ---

THE COMMISSIONER: Are you talking of Canada?

15 MR. BALLANTYNE: Yes.

Q. --- was not an indication of some understanding on the part of the employee of what was being done?

20 A. I would say, Mr. Ballantyne, that labour trouble has to start at some point. It starts after trouble has accumulated, and in the States they feel that they allowed it to accumulate too long.

25 Q. Have you studied the records kept by the Dominion Textile Company with regard to their researches and examinations for the purpose of fixing job assignments?

A. Yes, I have studied that.

Q. Are they extensive?

A. Yes, very.

I thought at the time the time-study industry lost a good man when Mr. Gordon left it.

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Yessenden,
By Mr. McRuer.RE-EXAMINATION BY MR. McRUER:

Q. In regard to labour troubles, they more often happen when times are good than when they are bad, do they not ? They can afford to strike when they are good and when they are bad they have to hang on? A. I believe that is characteristic of return to prosperity.

Q. I think probably have more strikes in Canada in the period of high wages during the war than we had during this depression.

MR. BALANTYNE: I know, but I was talking of the so-called good times period of strain, 1924 to 1930.

MR. McRUER: Do you call that period of strain?

Q. There is one thing I want to get from your graph. The one that deals with average money wages per employee per actual week. You went over this and it ends up at 11.60 in 1936.

THE COMMISSIONER: Which chart is this - "Average money wage per employee per actual week and average real wage"?

MR. McRUER: Yes, and it ends up with 11.60.

THE COMMISSIONER: 11.60 to 11.70.

MR. McRUER: Yes.

THE COMMISSIONER: I took 11.65.

MR. McRUER: I will put it the same rate.

Q. In 1924 it was 12, was not it? A. I can give those figures accurately that I read from the chart. Would you like to have this read into the

by Mr. Robert

THE STRIKE

Q. In regard to labor troubles, they more often happen when times are good than when they are bad, do they not?
A. They can afford to strike when they are good and when they are bad they have to be on their feet. I believe that is characteristic of them.
Q. I think probably have more strikes in Canada in the period of high wages during the war than we had during this depression.

MR. BRYDIE: I know, but I was talking of the so-called good times period of 1920, 1921 to 1923.
MR. MONTGOMERY: Do you call that period of striking?
Q. There is one thing I want to get from you. The one that deals with average money wages per week. The one that says that it was up at 11.50 in 1926.

THE COMMISSIONER: Which chart is this - average money wages per week for 1926 and 1927?
MR. MONTGOMERY: Yes, and it ends up with 11.50.

MR. MONTGOMERY: 11.50 in 1927.
THE COMMISSIONER: 11.50 in 1927.
MR. MONTGOMERY: I will get it for you.
Q. In 1927 it was 11.50, was it not?

record?

Q. Your chart is supposed to show the same thing?

A. It is not so accurate.

Q. Just answer my questions and we will get them.

5 In 1924 it was how much?

A. 1924 ---

THE COMMISSIONER: 11.75 you told us, approximately 11.75, but we have found out since that really means nine months in 1933.

10 MR. McRUER: I am coming to 1936.

THE WITNESS: Did not you say 1924?

Q. Yes? A. 1924, 11.64.

Q. So that we have had almost identical the same figure in 1924 as it is in 1936 - that is right?

15 A. In money in dollars and cents.

THE COMMISSIONER: Remember this, that the 11.65 for 1936 was given as approximate awhile ago.

THE WITNESS: I have the accurate figures, my lord.

20 Q. What is it? A. 1924, 11.64.

Q. What is 1936? A. 11.69.

MR. McRUER: Q. That is close enough. Now, the highest point it reached between 1924 and 1936 was how much? A. \$13.08.

25 Q. Now, we come back to the same line of 1924 again, I think about 1920, we are there still at about 11.60? A. In 1920?

30 Q. Yes? A. 1920 was 12.20. That is correctly drawn on the chart, Mr. McRuér.

Q. So that the only variation in actual earnings

SECRET

Q. Your chart is supposed to show the same thing

A. It is not so accurate.

Q. Just answer my questions and we will get them

A. In 1984 it was how much?

THE COMMISSIONER: 11.75 you told us, approximately

11.75, but we have found out since that really means

nine months in 1985.

MR. MONTGOMERY: I am coming to 1985.

THE WITNESS: Did not you say 1984?

A. Yes, 11.75, 11.75.

Q. So that we have had almost identical the same

figure in 1984 as it is in 1985 - that is right?

A. In money in dollars and cents.

THE COMMISSIONER: Remember this, that the 11.63

for 1986 was given as approximate amount ago.

THE WITNESS: I have the accurate figures, my

Q. What is it? A. 1984, 11.64.

Q. What is 1985? A. 11.75.

MR. MONTGOMERY: That is close enough. Now, the

amount from 1984 is around 1984 and 1985 and

much? A. \$18.08.

Q. Now, we come back to the same line of 1984

again, I think about 1980, we are there still at

A. In 1980?

A. Yes? A. 1980 was 18.20. That is correct.

THE COMMISSIONER: MR. MONTGOMERY.

Q. So that the only variation in the amount

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since 1920, there was a rise in 1921 that got up to 14
or a little over 14 and then we come back to 1924,
11.64 and then it ranged from 11.64 to a high of what
do you say - 11.90? A. 13.08 in 1928. That
is, from 1924 on?

Q. Yes, and we end up at 11.69. Now, I want to
understand just what this is the average of. Is this
the average of all employees in the grey mills - from
what rank down? A. That figure is on the
average of everybody who appears on the pay roll of all
the grey mills and the pay roll includes everybody
from the departmental foreman down.

Q. So that including the departmental foreman
down to the lowest paid employees, the average is
11.69 now? A. Yes.

Q. Now, go to the ---

MR. BALLANTYNE: That is for the actual week is it?

MR. McRUER: Actual week.

MR. McRUER: Q. In 1936, the actual average week
is 42.6 hours? A. Yes.

Q. And the average actual week for 1935 was 43 hours.
For 1934, 35.3 hours. Now, what was the average pay
for 1934? A. \$11.75 per actual week.

Q. Now, in 1933 the average was 41.2 hours - what
was the average pay? A. \$11.90.

Q. A lot of things I cannot understand. In 1936
they are not paid at a lower rate - for 42.6 hours
they earn \$11.69. In 1933 --- well, that works out

since 1930, there was a rise in 1931 that got up to
of a little over 14 and then we come back to 1932,
11.04 and then it ranged from 11.04 to a high of
do you say - 11.90? A. 13.08 in 1933. That
is, from 1934 on?
A. Yes, and we end up at 11.02. Now, I want to
understand just what this is the average of. Is it
the average of all employees in the grey mills - the
what rank down?
A. That figure is on the
average of everybody who appears on the pay roll of
the grey mills and the pay roll includes everybody
from the departmental foreman down.
A. So that including the departmental foreman
down to the lowest paid employees, the average is
11.82 now?
A. Yes.
A. Now, go to the ---
MR. PARLIAMENTS: That is for the actual week in
A. Yes.
MR. PARLIAMENTS: In 1933 the actual average was
A. Yes.
A. And the average actual week for 1933 was 43
For 1934, 55.3 hours. Now, what was the average
for 1934? A. \$11.75 per actual week.
A. Now, in 1933 the average was 41.3 hours -
A. Yes.
A. Now, in 1933 the average was 41.3 hours -
they earn \$11.82. In 1933 --- well, that was

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right. I just want you to make two comparative figures and I am through, and that this, I want to transpose the actual earnings to-day with similar earnings of a hypothetical nature in the United States. Take the week of 42.6 hours? A. Yes.

Q. Which is the average Canadian week. How much would a worker earn in the United States at the average prevailing rate there in the North? A. Have you got that rate there?

Q. 41 cents? A. Would get 17.42 cents.

THE COMMISSIONER: Where.

MR. McRuer: That is in the North.

Q. That is for 42.6 hours? A. 42.6 hours at 41 cents would give 17.42.

Q. We will take in the South, the rate was 30.6 cents for the same number of hours? A. 42.3 hours at 34.6 cents.

Q. It is 42.6 hours? A. 42.6 hours at 34.6 cents would give 14.73.

Q. So that as against 11.69 in Canada the rates prevailing in the States for the same number of hours worked would be 17.42 in the North and 14.71 in the south? A. Yes, I am taking your figures.

Q. Well, that is just a mathematical calculation. Now, Mr. Fessenden, you have your notes detailed that support your report. They have not been filed? A. May I insert two pages in this? I had them typed this morning.

right, I just want you to make two comparative fig-
ures. I am thinking, that if I am in the
the United States, I would be getting
hypothetical nature in the United States. Now the
week of 48.6 hours?
A. Yes.
Which is the average Canadian week?
Now would a worker earn in the United States at the same
prevailing rate there in the north?
A. Have you
got that rate there?
A. At 41 cents? ... would get 17.42 cents.
THE COMMISSIONER: Where?
A. Where? That is in the north.
That is for 48.6 hours?
A. 48.6 hours
at 41 cents would give 17.42.
A. We will take in the south, the rate was 30.
cents for the same number of hours?
A. 48.6
hours at 34.6 cents.
A. It is 48.6 hours?
A. 48.6 hours
at 34.6 cents would give 14.78.
A. So that as against 11.99 in Canada
we have prevailing in the north for the same
of hours worked would be 17.42 in the north and 14.78
in the south?
A. Yes, I am taking your figures
...
Now, Mr. Pease, you have your no-
tified that support your report. They have not
A. May I insert two pages in the
I have them typed this morning.

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Q. Yes. Now then, this detail ---

THE COMMISSIONER: Are you putting them both in together?

MR. McRUER: Yes.

THE WITNESS: One is a Canadian detail and the other is American detail, my lord.

MR. McRUER: Well, this is headed "Report".

THE WITNESS: Well, I have given you the wrong ones. It should be these two.

Q. This constitutes the details on which your written report was based - that is correct? A. Yes, Mr. McRuer.

Q. Now, have you got the figures --- A. And this also, some calculations there.

Q. What is this? A. Calculations on the time studies, etc. Actual cloths being run when we made the studies.

MR. McRUER: That can go in as part of the same exhibit.

THE COMMISSIONER: The three of them are Exhibit 1210.

EXHIBIT 1210: Canadian detail and American detail, with calculations on time studies by Mr. Fessenden.

Q. Have you got the figures that you obtained from the Dominion Textile on which you based your graphs?

A. Yes.

Q. I should like to put those in too? A. They are data referring to grey mills Dominion Textile

Now then, this detail ---

THE COMMISSIONER: Are you paying them both in

THE COMMISSIONER: One is a Canadian detail and the other

is American detail, my lord.

MR. MORRIS: Well, this is needed "report."

MR. MORRIS: Well, I have given you the wrong one

It should be these two.

Q. This constitutes the details on which

written report was based - that is correct? A. Yes

MR. MORRIS.

.. Now, have you got the figures --- A. And the

also, some calculations there.

.. What is this? A. Calculations on the

time studies, etc. Actual clothes being run when we

made the studies.

MR. MORRIS: That can go in as part of the

same exhibit.

THE COMMISSIONER: The three of them are exhibit

EXHIBIT 1210: Canadian detail and American detail
with calculations on time studies
by Mr. Hesseman.

.. Have you got the figures that you obtained from

the Dominion Textile on which you based your figures?

A. Yes.

.. I should like to put those in too? A. They

are related to Grey Mills Dominion Textile

Companies combined.

MR. McRUER: You can have this straightened out and hand them into Mr. Whiteley later.

THE COMMISSIONER: The Exhibit will be No. 1211.

EXHIBIT 1211: Data relating to grey mills, Dominion Textile Companies.

MR. McRUER: That is all, my lord, I want to put in.

ERNEST J. HOWSON, (recalled)

MR. McRUER: My lord, a number was given to a statement in regard to the inventory of the Canadian Cotton Company and I now have a letter from Mr. Bruneau enclosing me a copy of the statement on the inventory. That is the report on which the auditor based this statement.

SECRETARY WHITELEY: The number is 1063.

THE COMMISSIONER: That is the certificate submitted to the Auditor?

MR. McRuer: Yes.

Q. Mr. Howson, there are some further reports to be filed in respect to the affairs of the companies you have investigated. The first is a "Summary of productive capacity." Now, this refers to all the different branches of the industry, does not it?

A. Yes, made up from the questionnaires of the companies reporting.

EXHIBIT 1212: Summary of productive capacity.

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Memorandum

and hand them into Mr. Whitley later.

The Board of Directors: The Board will be no. 1211.
The Board of Directors: The Board will be no. 1211.
The Board of Directors: The Board will be no. 1211.

MR. MORRIS: That is all, my lord, I want to

EMERSON J. MORRIS (recalled)

statement in regard to the inventory of the Canadian
Cotton Company and I now have a letter from Mr. Brown
enclosing me a copy of the statement on the inventory
That is the report on which the auditor based this

SECRETARY: The number is 1000.

THE COMMISSIONER: That is the certificate submitted
to the auditor?

MR. MORRIS: Yes.

MR. MORRIS: That is the certificate submitted
to the auditor?
MR. MORRIS: Yes.

A. Yes, made up from the questionnaires of the

companies reporting.

EMERSON J. MORRIS: Summary of productive capacity.

MR. McRUER: This shows the Cotton Group, Artificial
Silk Group, Hosiery Division, Knit Goods Division,
Woollen Division, Carpet Division, Thread and Cordage.
The number of spindles, number of looms, number of
new machines, as the case may be, in the years 1926
to 1936.

MR. KELLOCK: May I ask a question on that?

MR. McRUER: Yes.

MR. KELLOCK: Q. This Exhibit does not show the
equipment scrapped in the period that you deal with.
For instance, on page 2, that is the second page of
the Exhibit, you show the amount which was installed
prior to 1927 and you show the amount of equipment
installed in each year from 1927 to 1936 and on preceding
page, page 1, taking the last column, 1936, you show
the number of spindles, for instance, in place in that
year? A. Yes.

(Page 13660 follows)

MR. MONROE: This shows the Cotton Group, Artillery
The number of spindles, number of looms, number of
new machines, as the case may be, in the years 1923
to 1930.

MR. WILSON: May I ask a question on that?

MR. KILGORE: This Exhibit does not show the
equipment scrapped in the period that you deal with.
For instance, on page 2, that is the second page of
the exhibit, you show the amount which was installed
prior to 1927 and you show the amount of equipment
installed in each year from 1927 to 1930 and on page
page, page 1, taking the last column, 1930, you show
the number of spindles, for instance, in place in
1930.

(Page 1930 follows)

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Q. If you take the table and tabulation on page 2, that is the number installed prior to 1927, and you add to that the equipment installed in each year from 1927 to 1936 inclusive, you do not get the same figure as the number of spindles actually in place in 1936; but you would get the equipment scrapped during the period by deducting what is shown on page 2 as being in place prior to 1927, the additional equipment installed during the period from 1927 to 1936, and deducting that from what you have shown on the first page as actually in place in 1936, that would give you the equipment in that period -- A. Scrapped, or in storage, taken off the floor.

Q. Scrapped or taken out of use? A. Yes.

Q. And that, of course, applies to each one of these groups? A. Yes.

Q. Thank you.

MR. McRUER: The next Exhibit, my lord, is a summary of exports, 1925 to 1935. This, again, Mr. Howson has taken from the answers.

THE COMMISSIONER: Exports of what?

MR. McRUER: Merchandise from the different companies.

THE COMMISSIONER: That will be Exhibit 1213.

EXHIBIT 1213: Summary of exports of merchandise, 1925 to 1935, compiled from answers to questionnaire.

BY MR. McRUER: Q. The Exhibit shows the exports in different divisions, and the hosiery

page 2, that is the number installed prior to 1937
and you add to that the equipment installed in each
year from 1937 to 1955 inclusive, you do not get
the same figure as the number of spinners actually
in place in 1955; but you would get the equipment
scrapped during the period by deducting what is
shown on page 2 as being in place prior to 1937,
the additional equipment installed during the period
from 1937 to 1955, and deducting that from what
you have shown on the first page as actually in place
in 1955, that would give you the equipment in place
period -- A. Scrapped, or in storage, taken

off the floor.
C. Scrapped or taken out of use? A. Yes.
D. And that, of course, applies to each
one of these groups? A. Yes.
E. Thank you.

MR. HOWSON: The next Exhibit, my lord, is a
summary of exports, 1935 to 1955. This, again,
Mr. Howson has taken from the answers.
THE COMMISSIONER: Exports of what?
MR. HOWSON: Merchandise from the different
companies.

THE COMMISSIONER: That will be Exhibit 1213.
EXHIBIT 1213: Summary of exports of
merchandise, 1935 to 1955,
compiled from answers to
questionnaire.

BY MR. HOWSON: Q. The Exhibit shows the
exports in different divisions, and the history

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Howson

division appears to be the largest exporter.

Is that in dollars or units?

A. It is in

dollars.

5 Q. It appears to be the largest exporter with \$1,498,265 in 1935. They had a steady increase from 1926 from \$218,271 till they reached nearly the \$1,500,000 mark. A. There is also an item of hosiery under the silk section.

10 Q. Yes, the silk and artificial silk division also showed quite an increasing export trade in hosiery.

MR. KELLOCK: It was down in 1935 over 1934.

15 MR. McRUER: Coming down in 1935, although the other is up.

BY MR. McRUER: Q. Then in cotton fabrics there is an export trade of \$176,480, and of cotton tire fabrics \$776,000. In the tire group there would be only one company, would there?

20 THE WITNESS: Does your company do any exporting, Mr. Gordon?

MR. GORDON: Yes, we have exported tire fabrics in certain years.

25 THE WITNESS: That would probably be the only company. Does Goodyear export any outside of the country?

MR. GORDON: Yes.

THE WITNESS: Those two companies then.

30 MR. McRUER: The next Exhibit is a statement of the number of employees, amount of wages, salary and wage classification, with ratio to sales. I

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division appears to be the largest exporter.
Is that in dollars or units? . . . It is in
dollars.
4. It appears to be the largest exporter
with \$1,400,000 in 1955. They had a steady increase
from 1950 from \$218,271 till they reached nearly
the \$1,500,000 mark. A. There is also an
of history under the silk section.
Q. Yes, the silk and artificial silk division
also showed quite an increasing export trade in
history.
MR. KILGORE: It was down in 1955 over 1954.
Q. Which: Coming down in 1955, although the
other is up.
BY MR. McHUGH: Q. Then in cotton fabrics
there is an export trade of \$16,400, and of cotton
the fabrics \$750,000. In the group there
would be only one company, would there?
THE WITNESS: Does your company do any ex-
porting?
MR. GORDON: Yes, we have exported the fabric
in western part.
THE WITNESS: That would probably be the only
company. Does Goodyear export any outside of the
country?
MR. GORDON: Yes.
THE WITNESS: Does your company have
MR. McHUGH: The next exhibit is a statement
of the number of employees, amount of wages, salaries
and wage classification, with ratio to sales. I

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Are these all individual companies?

THE WITNESS: Yes, individual companies that reported.

MR. McRUER: This is the cotton group, my lord.

THE COMMISSIONER: That will be Exhibit 1214.

EXHIBIT 1214: Cotton group, statement of number of employees, amount of wages, salary and wage classification, and ratio to sales.

MR. McRUER: The next is for the silk group, under the same heading.

THE COMMISSIONER: That will be Exhibit 1215.

EXHIBIT 1215: Silk group, statement of number of employees, amount of wages, salary and wage classification, and ratio to sales.

MR. McRUER: Next are the hosiery companies, under the same heading.

THE COMMISSIONER: That will be Exhibit 1216.

EXHIBIT 1216: Hosiery Companies, Statement of number of employees, amount of wages, salary and wage classification, and ratio to sales.

MR. McRUER: Next are the knit goods companies, under the same heading.

THE COMMISSIONER: That will be Exhibit 1217.

EXHIBIT 1217: Knit Goods Companies, Statement of number of employees, amount of wages, salary and wage classification, and ratio to sales.

MR. McRUER: Next are the woollen companies, under the same heading.

THE COMMISSIONER: That will be Exhibit 1218.

The following are the names of the companies that

Mr. Brydie: This is the cotton group, my list

The Commission: That will be Exhibit 1A.

EXHIBIT 1A:
Number of employees, amount of wages, salary and wages of executives, and ratio to sales.

Mr. Brydie: The next is for the silk group.

under the same heading.

The Commission: That will be Exhibit 1B.

EXHIBIT 1B:
Silk group, statement of number of employees, amount of wages, salary and wages of executives, and ratio to sales.

Mr. Brydie: Next are the woollen companies.

under the same heading.

The Commission: That will be Exhibit 1C.

EXHIBIT 1C:
Woollen group, statement of number of employees, amount of wages, salary and wages of executives, and ratio to sales.

Mr. Brydie: Next are the knit goods companies.

under the same heading.

The Commission: That will be Exhibit 1D.

EXHIBIT 1D:
Knit goods group, statement of number of employees, amount of wages, salary and wages of executives, and ratio to sales.

Mr. Brydie: Next are the woollen companies.

under the same heading.

The Commission: That will be Exhibit 1E.

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Howson

EXHIBIT 1218: Woollen Companies,
Statement of number of
employees, amount of wages,
salary and wage classification,
and ratio to sales.

5 MR. McRURER: Next the woollen and paper makers'
felts companies, under the same heading.

THE COMMISSIONER: That will be Exhibit 1219.

EXHIBIT 1219: Woollen and Paper Makers'
Felts Companies, Statement
of number of employees,
amount of wages, salary and
10 wage classification, and
ratio to sales.

MR. McRURER: Next the Carpet companies, under
the same heading.

THE COMMISSIONER: That will be Exhibit 1220.

15 EXHIBIT 1220: Carpet Companies, Statement
of number of employees,
amount of wages, salary and
wage classification, and
ratio to sales.

MR. McRURER: Next the Thread companies, under
20 the same heading.

THE COMMISSIONER: That will be Exhibit 1221.

EXHIBIT 1221: Thread Companies, Statement
of number of employees,
amount of wages, salary and
wage classification, and
ratio to sales.

25 MR. KELLOCK: Are you finished with them?

MR. McRURER: Yes.

BY MR. KELLOCK: Q. Mr. Howson, Exhibit 1214
deals with cottons, and the first company in that
group is the Hamilton Cotton Company. You have
30 certain items on the lefthand side under the

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and ratio to sales.

10. The following information was obtained from the above mentioned sources:

THE COMMISSIONER: The following exhibits:

Next the carpet cleaner

anywhere to reason to
has your eyes, never to know
the, not a little to know
being of other

Next the trend component, $\hat{\mu}_t$, is

the same history.

THE COMMISSIONER: That will be Exhibit 1881.

BY MR. BALDWIN: 6. Mr. Howson, Exhibit 1814

seals with cottons, and the first company in that

about is the Hamilton Cotton Company. You have

heading, "number of employees -- under \$1,000 --
over \$1,000 -- Office etc." Then you have the
total. Now do I understand that the column headed
"Mill wages and factory salaries" includes the
wages paid to the three classifications of employees
on the lefthand side? A. That is in accordance
with their return to Form 19.

Q. I do not care about that. I am dealing
only with this page. Is my understanding correct?

A. That is correct. That is the factory office.

Q. The office is the factory office, and
this column headed "Office management and Sales
Salaries" does not include the employees listed on
the lefthand side under the heading of "Office"?

A. I do not think so, but I had better verify it to
make sure. No. The 40 refers to office management
salaries.

Q. That does not answer my question. I
want to know if the salaries under "Office
Management and Sales Salaries" are salaries in
addition to the salaries of the office employees
under the heading of "office", the first one being
40. A. No, I am telling you that the 40 is

represented by these salaries under "Office
Management and Sales Salaries."

Q. I see. The first group of employees
"Under \$1,000" and "over \$1,000", their wages are
in the column of wages headed "Mill Wages and
Factory Salaries"? A. Yes.

Q. And the employees under the words "Office etc."

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How do

meeting. "number of employees -- under \$1,000 --

over \$1,000 -- office etc." Then you have the

"Mill wages and factory salaries" includes the

on the left hand side.

same with their return to Form 19.

C. I do not care about that. I am dealing

only with this page. Is my understanding correct?

A. That is correct. That is the factory office.

Q. The office is the factory office, and

this column headed "office management and sales

salaries" does not include the employees listed on

the left hand side under the heading of "office"?

I do not think so, but I had better verify it to

make sure. No. The 40 refers to office manage-

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want to know if the salaries under "office

management and sales salaries" are salaries in

addition to the salaries of the office employees

under the heading of "office", the first one being

A. No, I am telling you that the 40 is

represented by these salaries under "office

Q. I see. The first group of employees

"under \$1,000" and "over \$1,000", their wages are

in the column of wages headed "Mill wages and

A. Yes.

their salaries are included in the column "Office Management and Sales Salaries." A. Yes.

Q. And this group of factory employees over \$1,000, how far up does that go? A. How far up does it go?

Q. To what occupation, foreman, superintendent, or what? A. I do not know.

MR. McRUER: They do not distinguish them.

THE WITNESS: The employees are classified under three headings, (a) mill workers up to and including \$1,000, and over \$1,000; (b) mechanical staff, up to and including \$1,000, and over \$1,000; and (c) mill supervision and clerical, up to and including \$1,000, and over \$1,000. They just give the number of men in each case.

Q. In your column headed "mill wages and factory salaries," do you include foremen, superintendents and factory office workers? A. Yes, mill supervision and clerical would include those, I would say.

Q. All right, I just wanted to be clear about that. Now the second company in the cotton group is the Goodyear Cotton Company, and under your heading "Office Management and Sales Salaries" you say "Appor- tioned from Goodyear Tire Company, New Toronto."

What proportion of sales salaries are in that column? A. That memo refers to those first four years.

Q. Yes? A. It was dealt with by head office and there was no return for those years.

Q. I see. So in other words the output of this company throughout was sold almost exclusively to the other branches of the Goodyear Tire Company?

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100,000 British pounds of gold, and the balance of the gold is held in the form of gold coins and gold bars.

see H case. To what extent should "Will wages and

and exercised world influence and power. I was in 1937.

...the ... of the ...

... of

1. Yes ?

and there was no reason for it. So in other words the output of

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other branches of the Good Year Tire Company?

A. Yes, I understand that is correct.

Q. Then in the later years, 1930 to 1935, when you give certain salaries for "Office Management and Sales Salaries", what selling salaries are included in those figures?

(Page 13670 follows)

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... I understand this is correct.

6. When in the later years, 1950 to 1955, when
you give certain salaries for "office management and
sales salaries". What salaries are also included
in these figures?

(like 1950 follows)

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A. None.

Q. None at all ?

A. No.

Q. Well then, in other words, that is a common heading that you have for that column but in this case there are no selling salaries included at all ?

A. No.

Q. In order to get the picture -- A. They had no selling expense. That is the way they make their return.

Q. Then, in the case of the Dominion Textile Company which is several pages further on the cost of management of the company and the cost of Dominion Textile -- I mean the Drummondville Cotton Company which is a subsidiary -- the cost of management there and the selling salaries, you would have to go to the Dominion Textile Company for that, would you not? A. I don't know at the moment.

Q. You see, your two columns are blank on this sheet. You have no employee and you have no expense for that item. That is all done, the management and the selling, by the Dominion Textile Company, is it not ? A. I think Mr. Gordon could answer that. I don't know.

MR. GORDON: Yes, it is.

THE WITNESS: They show no selling expense here and no head office salaries.

BY MR. KELLOCK: Q. So in order to relate the ratio of wages to sales you have really -- if management and selling is done by the parent company -- you have really got to consolidate this company with the

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... in other words, that is a correct

... and no selling salaries included at all

A. No.

A. In order to get the picture --

no selling expense. That is the way they make their

A. Then, in the case of the Dominion Textile

pany which is several pages further on the cost of

management of the company and the cost of Dominion

Textile is I want the Dominion Textile Company

which is a subsidiary -- the cost of management

there and the selling salaries, you would have to

to the Dominion Textile Company for that, would you

A. I don't know at the moment.

A. You see, your two columns are blank on the

sheet. You have no employee and you have no expense

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and the selling, by the Dominion Textile Company

A. I think Mr. Gordon can

it not?

answer that. I don't know.

MR. GORDON: Yes, it is.

THE WITNESS: They show no selling expense

and no head office salaries.

... in other words, that is a correct

... and no selling salaries included at all

... and no head office salaries.

... in other words, that is a correct

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parent company to get the whole story, do you not ?

MR. McRUER: No, they pay selling expense.

BY MR. KELLOCK: Q. My question is this, if the Dominion Textile Company bears the selling expense and the management expense for the Drummondville Cotton Company then, if you are going to compare selling expense and management expense in either one or both of these companies, and wages in either one or both of these companies, you have got to combine the two, do you not ? I don't think there is anything you need to look at the return for ?

A. Well, I think that would be correct, yes.

Q. And the same would apply to Sherbrooke ?

A. The Dominion Textile Company make a flat charge. I don't know what it is based on. They charge the Drummondville Cotton Company a flat charge, so much per year, I don't know what it is based on.

BY MR. McRUER: Q. Do you take it into consideration as selling expense for the Drummondville Cotton ? A. Not in this summary.

BY MR. KELLOCK: Q. The same applies to the Sherbrooke Cotton Company. Then, when we come to the Cornwall and York Cotton Mills Limited, Mr. Howson, that situation there is exactly the same in relation to the Canadian Cottons Limited, the parent company, as the situation we have just left in connection with the Sherbrooke Cotton Company and the Dominion Textiles; is that right ? A. I don't know. Yes, that is right.

Q. All right, if you just follow the exhibit

I think you will get it a little more quickly. The next one is the Trent Cotton Company; the same situation applies there as between that mill and its parent company, the Hamilton Cotton Company, does it not ? A. Yes.

Q. Now, would you look at your sheet dealing with the Sherbrooke Cotton Company which is the next one. It is in evidence, Mr. Howson, that in the year 1929 which is the first year you deal with that the goods produced at the Sherbrooke mill were of an entirely different character from those produced in later years. In the earlier years it was a tire fabric mill with practically no weaving equipment and now it is a grey cloth mill. When you look at the outside column of that sheet the ratio of mill wages to sales rises. That would be a natural result where a mill turns from such a fabric as tire fabric, a coarse material to the finer weaving such as you find in the grey cloth mill ? A. You mean the rates of pay would be different.

Q. Not so much the rates of pay but that the proportion of the wages in the sales would be greater in the case of the finer fabric such as grey cloth which involves more labour than a coarse fabric such as tire fabric ? A. I think that is a logical conclusion although I don't know definitely from personal knowledge.

Q. And it is also in evidence that as between 1929 and 1933 there was a fall in the price of raw

Howson
I think you will get it a little more quickly. The
next one is the Trent Cotton Company; the same
situation applies there as between that mill and
the other mill, the Trent Cotton Company, for
not?
A. Yes.
Now, would you look at your sheet dealing
with the Sherbrooke Cotton Company which is the
one. It is in evidence, Mr. Howson, that in the
year 1889 which is the first year you deal with
the goods produced at the Sherbrooke mill were of
entirely different material from those of the
later years. In the earlier years it was a finer
fabric mill with practically no weaving machinery
and now it is a grey cloth mill. Now you look
the outer column of that sheet the ratio of
wages to sales price. That would be a natural
suit where a mill turns from such a fabric as
a coarse material to the finer weaving
as you find in the grey cloth mill?
Now the rates of pay would be different.
A. Not so much the rates of pay but the
proportion of the wages in the sales would be
in the case of the finer fabric such as grey
which involves more machinery and a better fabric
as the fabric?
A. I think that
a logical conclusion although I don't know
very few personal knowledge.
A. And it is also in evidence that as the
1889 and 1883 there was a fall in the price of

cotton. Now, if you have a fall in the price of one element in your sales that naturally increases the ratio of the other elements to the sale price, does it not? A. Yes, that is a logical conclusion too.

Q. Now, the next one is Montreal Cottons, and we have it in evidence that under the contract existing between Montreal Cottons and the Dominion Textile Company the selling expense of the Montreal Cottons is charged by the Dominion Textiles to it. Now, on this sheet what selling expense of the Montreal Cottons have you included, in this column headed "Office Management and Sales Salaries"? Can you tell me if this is correct? A. I am just told the only selling expense in there is some pensions to old employees at the time this contract came into existence?

A. I cannot tell you that. The figures would represent the item called "D", "Head Office Salaries and Directors Fees classified up to and including one thousand."

Q. What about selling expense? A. I say that is what is included here. I don't know whether there is a selling expense in these head office salaries or not. It does not indicate.

Q. Then, the next one on the list is Empire Cotton Mills, and, as you say, that is a subsidiary of the Woods Manufacturing Company. You do not show any office employees and you do not show any expense for management or sales. The same situation obtains there as in the case of the Dominion Textiles and the Sherbrooke Cotton Company and in the case of

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element in your sales that naturally increases the
ratio of the other elements to the sale price, does
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have you included, in this column headed "Office
Management and Sales Salaries"? Can you tell me
this is correct? I suggest that the only selling
expense in there is some provision for old employees
at the time this contract came into existence?
A. I cannot tell you that. The figures would
sent the item called "Office Management and Sales Salaries"
Directors fees classified up to and including one
...
... What about selling expenses?
... is what is included here. I don't know what
there is a selling expense in these head office
or not. It does not indicate.
... Then, the next one on the list is
Cotton Mills, and, as you say, that is a subsidiary
of the Woods Manufacturing Company. You do not
any office employees and you do not show any
management or sales. The same situation obtain
there is in the case of the Dominion Textiles and

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Cornwall and York and the Canadian Cottons ? A. Yes.

Q. Then, you have a sheet on the Dominion Textile Company and in the year 1931 the ratio of mill wages to sales is shown to be 29.8. The following year, 1933 it is 32.2 -- I am sorry, 1932, it is 32.0. In 1933 it is 35.2. Now then, it falls off again. If the fact be as the evidence shows that raw cotton was at a low level in these years that would increase the ratio of the other elements in the sales dollar, to the sales dollar, would it not ?

A. Yes.

MR. McRUER: In which years ?

MR. KELLOCK: 1931 to 1933.

MR. McRUER: Raw cotton was at a low level, you say ?

MR. KELLOCK: Yes.

MR. McRUER: Oh yes.

BY MR. KELLOCK: Q. Then, coming over to the Courtaulds Company which is in the next exhibit, 1215, you show that the ratio of office salaries to sales is one per cent. The next company is Canadian Celanese where the same ratio is 4.4 per cent. Now, in the case of the Courtaulds Company they sell artificial silk yarn to manufacturers. In the case of the Celanese Company they sell piece goods to a large number of purchasers. I don't know whether they even sell any of their acetate yarn. That difference in the method of doing business and the product would have an influence on those two ratios, would it not ? A. Yes, I would think so.

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Howson

Cornwall and York and the Canadian Cottons? A.
Then, you have a sheet on the Northern
the company and in the year 1931 the ratio of
was to sales is a own to be 22.5. The following
year, 1932 it is 22.5 -- I am sorry, 1933, it is
22.0. In 1934 it is 22.2. Now that, it falls off
again. If the fact be as the evidence shows that
cotton was at a low level in these years that you
increase the ratio of the other elements in the
dollar, to the sales dollar, would it not?
A. Yes.
Mr. Howson: In which years?
A. 1931 to 1935.
Mr. Howson: Now cotton was at a low level, you
say?
A. Yes.
Mr. Howson: Oh yes.
Gourton's Company which is in the next exhibit,
1815, you show that the ratio of office salaries
to sales is one per cent. The next company is Can-
dian Celanese where the same ratio is 4.4 per cent.
Now, in the case of the Gourton's Company they sell
artificial silk yarn to manufacturers. In the case
of the Celanese Company they sell piece goods to a
large number of exporters. I don't know whether
they even sell any of their acetate yarn. That is
ference in the method of doing business and the
product would have an influence on those two ratios
would it not?

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The selling expense would be greater.

Q. Would be greater in the one than the other?

BY MR. McRUER: In which? A. The selling

expense of the Celanese would be greater than Courtaulds. They would have a larger organization than Courtaulds.

BY MR. KELLOCK: Q. If you turn to Belding-Corticelli which is a few sheets over that ratio, that is, the ratio of management and selling expense to sales, is 11.9 which appears to be high?

A. Yes.

Q. You recall the evidence was that Company deals in a variety of products and sells to the retail trade. Therefore, its ratio of selling expense is very much higher for that reason? A. Of course, in both Celanese and the Belding Paul the sales dollar would be considerably higher because of the very fact that they sell in that way. You have to take that into consideration.

Q. You mean they would get for some of their products, at least, retail prices instead of wholesale prices? A. Yes, exactly, and your selling expense would be in relation to that so you cannot draw that conclusion exactly.

A. Well, Mr. Howson, can we say any more than this that for part of the products of each of these companies the sale prices they would get would be higher and there would be a consequent increase in their selling expense? A. Yes.

...selling expense would be greater.
...would be greater in the one than the other?
A. The selling
BY MR. HOWSON: In what?
expense of the Chinese would be greater than the
...They would have a larger organization than
...
BY MR. KILLOCK: ... If you turn to Beijing-
...which is a few sheets over that ratio,
...the ratio of management and selling expense
to sales, is 11.2 which appears to be high?
...
A. You recall the evidence was that Company
...in a variety of products and sells to the
...Therefore, the ratio of selling expense
is very much higher for that reason?
...in both Chinese and the Beijing and the
...dollar would be considerably higher because of the
very fact that they sell in that way. You have to
take that into consideration.
A. You mean they would get for some of their
products, at least, retail prices instead of whole
sale prices?
A. Yes, exactly, and you
selling expense would be in relation to that so you
cannot draw that conclusion exactly.
...Well, Mr. Howson, can we say any more than
this that for part of the products of each of these
...
A. Yes.

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Q. But you are not prepared to say that the ratio of the increase in price is exactly the same as the increase in selling expense ? A. No, I could not tell you that, but there would be a decided increase in the dollar value of sales.

Q. You would have an increase in both elements ? A. Yes.

Q. But the increase in the ratio of the selling expense to the sales dollar might be entirely due to the higher cost of distribution; if you have not figured it out -- A. No.

Q. All right, I won't ask you. A. I would not be able to say that without figuring it out.

Q. Now, coming to Grout's Limited which is the next on the list; the ratio of management and selling expense to sales in 1926 which is the first year was 3 per cent. It increases to 10 per cent in 1935. Similarly in the case of wages to sales in 1926 the ratio is 10.6 per cent and in 1935 it goes up to 24.2 per cent. Now, we have it in evidence that the raw materials which Grout's handle show in the latter years an increasing proportion of artificial silk and a decreasing proportion of real silk. Now, it is also in addition to that in evidence that the value of real silk fell from about \$5. in 1929 to about \$1.50 in 1935. That being the evidence, Mr. Howson, both these factors would cause a decrease in the ratio of the cost of the raw material to the sales dollar, and increase the other factors ? A. Yes, as long as

Q. Now,

A. But you are not prepared to say that the

ratio of the increase in price is exactly the same as

the increase in selling expense? A. No, I could

not tell you that, but there would be a decided in-

crease in the dollar value of sales.

Q. You would have an increase in both elements?

A. Yes.

Q. But the increase in the ratio of the selling

expense to the dollar might be entirely due to

the higher cost of distribution; is that not so?

A. No. --

Q. All right, I won't ask you.

A. I would not be able to say that without figuring it out.

Q. Now, coming to Grant's limited which is the

next on the list; the ratio of management and selling

expense to sales in 1936 which is the first year was

8 per cent. It increased to 10 per cent in 1935.

Similarly in the case of wages to sales in 1936 the

ratio is 10.6 per cent and in 1935 it goes up to

14.8 per cent. Now, we have it in evidence that the

raw materials which Grant's handle show in the latter

years an increasing proportion of artificial silk and

of increasing proportion of real silk. Now, it is also

in addition to that in evidence that the value of

real silk fell from about \$5. in 1935 to about \$1.50

in 1936. Now, if you take the ratio of the selling

these factors would cause a decrease in the ratio of

the cost of the raw material to the sales dollar, and

increase the other factors? A. Yes, as long as

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the wages remained constant.

Q. If the wages remain constant this ratio must go up ? A. Yes, or down, whichever way it works.

Q. That is, if the price of raw materials goes up, then the ratio of wages goes down ? A. Yes.

Q. If raw material price falls the ratio of wages goes up ? A. The ratio of wages must go up.

Q. In the case of the Julius Kayser Company you do not show any office management or sales salaries for the year 1932; can you tell me why that is ?

A. I guess they did not report it.

Q. Just an omission from their report ? A. Yes.

Q. Then, the Toronto Hosiery Company, that is a subsidiary of the Woods Underwear Company. Does that company handle its own management and office expense and selling ? I see you have just one employee there up to 1933 and none after that.

Page 13680 follows.

Q. If the wages remain constant this ratio must
go up? A. Yes, or down, whichever way it works.
Q. That is, if the price of raw materials goes
up, then the ratio of wages goes down?
A. If raw material prices fall the ratio of
wages goes up? A. The ratio of wages must
go up.
Q. In the case of the Talisman Paper Company you
do not show any office management or selling salaries
for the year 1933; can you tell me why that is?
A. I guess they did not report it.
Q. Just an omission from their report?
A. Then, the Talisman Paper Company, what is
the subsidiary of the Woods Canadian Company. Does it
company handle its own management and office expenses
and selling? I see you have just one employee
there up to 1933 and none after that.

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MR. McRUER: I would not waste time ---

MR. KELLOCK: I am not wasting time.

Q. I assume the situation there is the same as in the case of the Dominion Textile and Sherbrooke Cotton Company - that is, that the expense is borne by the parent company? A. Yes, I think so, judging from this report.

Q. Now, the next one is the Weldrest Hosiery Company and I understand there is an association between that company and Silks Limited. You have no selling expense in the case of this Company for the year 1930- Does it handle its own management and selling expense? A. No, it is apparently the same.

Q. The same situation there. They do not handle their own management and selling expenses? A. Well, I cannot quite tell from this whether it is a charge from silks or not. They do not show any other salaries besides the office salaries at any rate on 419. They show selling expense but whether it is charged by Silks Limited or distribution by themselves to their own employees I cannot tell from this return.

Q. What is the difference between 1930 and later years. There is no figure here at all for 1930?

A. Well, they apparently did not have any office that year at all, any office staff. They do not report any.

MR. KELLOCK: In the case of Joseph Simpson & Sons, my lord, at the foot of that page there is set out

MR. KELLICK: I am not resting time.

Q. I assume the situation there is the same as in the case of the Dominion Textile and Paper Mills Cotton Company - that is, that the expense is borne by the parent company?
A. Yes, I think so, judging from this report.

Q. Now, the next one is the Western Hosiery Company and I understand there is an association between the company and Sinks Limited.
A. Yes, I think so, judging from this report. Does it handle its own management and selling expense in the case of this Company for the year 1930?
A. No, it is apparently the same.

Q. The same situation there. They do not handle their own management and selling expenses?
A. Yes, I cannot quite tell from this whether it is a charge from Sinks or not. They do not show any other

salaries besides the office salaries at any rate on this. They show selling expense but whether it is charged by Sinks Limited or distributed by the parent to their own employees I cannot tell from this report.
Q. What is the difference between 1930 and 1931?

A. Well, they apparently did not have any office staff at all, any office staff. They do not show any.

Q. Now, the next one is the Western Hosiery Company and I understand there is an association between the company and Sinks Limited.
A. Yes, I think so, judging from this report. Does it handle its own management and selling expense in the case of this Company for the year 1930?
A. No, it is apparently the same.

salaries of present directors, included in management and salaries - my friend and I agree that should be confidential.

5 Q. Then in the case of Zimmerknit Company - that is a subsidiary of the Woods Underwear Company, is it not? A. Well, it is in the same group.

Q. Do they handle their selling expense direct or is it handled by the parent company? A. No, the other people.

10 Q. The parent company does that? A. Yes, sir.

Q. Now, on your sheet dealing with this are there not two errors in the column dealing with the "ratios of office salaries, etc. for the years 1934-1935," is not the decimal point in the wrong place. You have 10.3 and 11., should not it be 1.03 and 1.1?

15 A. Yes.

Q. And the Harvey Knitting Company, that is a subsidiary of Zimmerknit Company? A. Yes, that is same group.

20 Q. And the selling expense there would be handled by the parent company? A. Yes.

Q. Newlands & Company, that is practically entirely a yarn-spinning company, is it not? A. No, I don't think so.

Q. There is some knitting but are you able to say that the bulk of it is yarn spinning? A. I don't think that is right.

30 Q. I am instructed that is the fact? A. They show three different departments - worsted, knitting

and silk.

Q. They do not show the proportionate value of their product? A. Yes, they show - this is December 31st, 1935, they show worsted sales \$623,698.15.

5 Knitting sales \$261,481.80, and silk \$368,663.

Q. The worsted knitting would be the yarns, would not it? A. Yes.

Q. What is that last item, \$368,000? A. Silk.

10 Q. And that is throwing silk? A. I cannot tell you that.

Q. Then Patons & Baldwins they are purely yarn spinners? A. Newlands report their production - yarns and thread they show machine knitting yarn, 15 hand -knitting, (tram-silk), hard or crepe (silk), winding, machine twist. And in knitted goods they show stockinettes and rubber linings, jersey cloths, glove and shoe linings, curl cloth, eiderdown, 20 tennis ball cloth.

Q. Well, you have given us the value of the different products. Patons and Baldwins they are purely yarn spinners, are they not? A. Well, they report their type of product as worsted yarns.

25 Q. Now, H&Eld Brothers, they are a weaving mill only - they do not finish their yarn and they do not finish their cloths, is that right?

MR. McRUER: I think that is a fact.

30 MR. KELLOCK: Q. And they also sell through a commission agent, is that right?

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First, 1938, they show worsted sales \$252,688.15.

MR. McRUER: I don't know about that.

MR. KELLOCK: Q. Have they any selling expense?

Mr. Berry says that is in evidence. I just want to ask you two or three general questions, and that is, that the degree to which a mill fabricates a product will determine the ratio of its wages to sales. That is, if a mill spins its yarn, weaves its cloths and finishes it, then the content of wages in the sales dollar of that mill will be much larger than it is in the case of the mill which merely spins yarn only, would it not? A. Of course, you get the sales dollar a great deal higher there again.

Q. That may be so but in the case of a mill which buys its yarn, it has got a higher price to pay for its raw material than the mill that just spins and dyes the primary product? A. That depends on whether they can spin their yarn at costs less than they can buy it. Those things are so ---

Q. Let me refer you to your own exhibit for a moment. Patons & Baldwins, you say they are yarn spinners only. Now, you show that the ratio of their wages for total period is 17.8. Hield Brothers, who weave but do not spin and do not finish, the ratio you show is 13.8, and the Paris Wincey Mills are mills who spin and weave and you show their ratio as 23.6. Now, --- A. I do not think you can make a comparison on those things unless you know the type of cloth. You have got to have a uniform

Mr. Barry says that is in evidence. I just want
ask you two or three general questions, and that
that the degree to which a mill fabricates a product
will determine the ratio of its wages to sales.
is, if a mill spins its yarn, weaves its cloth and
finishes it, then the content of wages in the sales
dollar of that mill will be much larger than it is
in the case of the mill which merely spins yarn and
would it not?
... Of course, you got the
dollar a great deal higher than again.
... That may be so but in the case of a mill which
spins its yarn, it has got a higher price to pay for
its raw material than the mill that just spins and
does the primary product?
... That depends on
whether they can spin their yarn at costs less than
they can buy it.
Those things are so ---
... Let me refer you to your own exhibits for a
moment. Pages 3 and 4, you say they are your
spinners only. Now, you show that the ratio of
wages for total period is 14.8. While Brothers
who weave but do not spin and do not finish, the
you show is 18.8, and the Paris Winsey Mills and
Mills who spin and weave and you show their ratio
is 18.8. Now, ---
... I do not think you
... You have got to have a uniform

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basis to make a comparison.

Q. That is exactly my point? A. My point

is you cannot draw one conclusion or the other because your sales dollar in spinning and weaving plant, it is going to be higher necessarily than your sales dollar in a spinning plant alone, and proportion of the wages to the sales dollar in the spinning plant and proportion of wages to the proportion of dollar in weaving plants, there may not be much difference in percentage.

Q. There may not be but there may be? A. The only way you can determine that is to get two companies who are handling the identical merchandise.

Q. That is true. In other words, you cannot make a useful comparison or compare the wage content of spinning mill with wage content of weaving mill?

A. You have got to make allowance.

MR. McRUER: Q. You cannot come to conclusion that one company is paying its employees lower than another merely by that percentage? A. No.

MR. KELLOCK: Q. And where a mill is turning out a very coarse product as against a mill that is turning out a very fine product, you cannot compare those two? A. No, because your sales dollar is lower in the coarse mill and your wages would be probably on a low scale.

Q. Now, this other thing. In going through these companies which you have in these exhibits,

basis to make a comparison.

A. That is exactly my point?

is you cannot draw one conclusion or the other based
your sales dollar in spinning and weaving plant, it
is going to be higher necessarily than your sales
dollar in a spinning plant alone, and proportion of
the wages to the sales dollar in the spinning plant
and proportion of wages to the proportion of dollar
in weaving plants, there may not be much difference
in percentage.

A. There may not be but there may be?
only way you can determine that is to get two companies
who are handling the identical merchandise.

A. That is true. In other words, you cannot make
a useful comparison or compare the wage content
of spinning mill with wage content of weaving mill?
A. You have got to make allowance.

MR. McNEIL: A. You cannot come to conclusion that
one company is paying its employees lower than another
merely by that percentage?
A. No.

MR. KILLICK: A. And where a mill is turning
out a very coarse product as against a mill that is
turning out a very fine product, the wages would be
those two? A. No, because your sales dollar

is lower in the coarse mill and your wages would be
lower in a low mill.
A. Now, with equal sales,
same expenses which you have in these exhibits,

some companies have little or no selling expense at all because their selling expense is borne by their parent companies - that is true? A. Yes, sir.

5 Q. And some companies sell through commission agents and that is the reason they do not show any selling expense? A. Their sales dollar ---, I think they are in two different classifications.

10 Q. And when you come to look at the parent company, the parent company is absorbing the expense of selling product of subsidiary companies? A. No. Well, yes, if you take - if they return the selling wages for their total activities they pass on, of course, the expense to subsidiary company.

15 Q. And then you have another situation in here like the situation as between the Dominion Textile and Montreal Cottons, where the Dominion Textile sells on contract for Montreal Cottons? A. Yes.

20 Q. And then you have another situation where some of those mills sell to wholesalers and other manufacturers and some sell to retailers? A. Yes. Of course, you have the sales dollar different there again.

25 Q. But in this group of mills in these exhibits 1214 to 1218 you have all these different facts and therefore in comparing the ratios of one to another you cannot usefully compare those different factors unless you bear in mind? A. That is quite true.

some companies have little or no selling expense at all because their selling expense is borne by their parent company. And some companies sell through commission agents and that is the reason they do not show any selling expense. Their sales dollar --- I think they are in two different classifications. And when you come to look at the parent company the parent company is absorbing the expense of selling product of subsidiary companies? A. No. Well, yes, if you take - if they return the selling wages for their total activities they pay on, of course, the expense to subsidiary company. And then you have another situation where the parent company is selling on contract for Montreal Cottons? A. Yes. And then you have another situation where some of those mills sell to wholesalers and other manufacturers and some sell to retailers? A. Yes. Of course, you have the sales dollar different there again. But in this group of mills in these exhibits 1814 to 1818 you have all these different facts and figures showing the ratios of one to another. That is quite true.

MR. McRUER: I would have agreed with you entirely, Mr. Kellock, before you started.

MR. KELLOCK: I wish I had known. I would not have wasted His Lordship's time.

5 I asked Mr. Howson to be good enough, my lord, to prepare certain computations, and he has handed them to me in manuscript. Perhaps the typewritten computations might be substituted later. What he has done in this group is this. If Your Lordship
10 will recall, the last page in a number of Exhibits prepared by Mr. Howson showed the percentage of gross profit to sales before depreciation and gross profit to sales after depreciation, and then it showed the dollar value of income taxes, and so on, without
15 carrying out the percentages. Mr. Howson has now carried out the percentages, and I wondered what was the most convenient way to put them in. Perhaps the percentages could be added to the original Exhibits.

20 THE COMMISSIONER: Better add them.

THE WITNESS: We can hand a memorandum in.

MR. KELLOCK: Just write them in alongside.

There is another group, my lord, showing two
25 different ratios in all of these divisions dealt with. The first is the ratio of total net profit, after deducting income taxes, to total capital invested after eliminating outside investments and advances to subsidiary companies, and the second ratio is net
30 profit on operations to capital employed in the industry

MR. AMES: I would like to know what you

thought of the plan, before you proceed.

MR. AMES: I wish I had known. I would not

have wasted his Lordship's time.

I asked Mr. Howson to be good enough, my lord,

to prepare a memorandum, and he has handed

them to me in manuscript. For in the typewritten

communications might be substituted later, that he

has done in this group is this. If your Lordship

will recall, the last page in a number of Exhibits

prepared by Mr. Howson showed the percentage of gross

profit to sales before depreciation and cross profits

to sales after depreciation, and then it showed the

gross value of income taxes, and so on, without

carrying out the percentages. Mr. Howson has now

carried out the percentages, and I wondered what

was the most convenient way to put them in. (Voice)

the percentages could be added to the original

Exhibits.

THE COMMISSIONER: Better add them.

THE WITNESS: We can have a memorandum in.

MR. AMES: That will do, my lord.

There is another group, my lord, showing two

different ratios in all of these divisions dealt with.

The first is the ratio of total net profit, after

deducting income taxes, to total capital invested.

After deducting income taxes, investments and advances

to subsidiary companies, and so on, the ratio is

profit on operations to capital employed in the

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including any capital employed amounts paid for patents, trademarks and good will. Mr. Howson has done that for all these different companies, and I imagine that could be put in as a separate Exhibit, my lord.

THE COMMISSIONER: I would think so. That will be Exhibit 1222.

EXHIBIT 1222: Ratio of final net profit before and after income taxes to capital employed, exclusive of outside investments and capital employed including the value of trademarks, patents and good will.

MR. KELLOCK: Then the next, my lord, is the ratio of net profits after bond interest, where bond interest exists, to sales.

THE COMMISSIONER: That will be Exhibit 1223.

EXHIBIT 1223: Ratio of net profits, after bond interest, to sales.

MR. KELLOCK: The next, my lord, is an analysis of the sales dollar for the year 1935 for the cotton division.

THE COMMISSIONER: That will be Exhibit 1224.
analysis

EXHIBIT 1224: Cotton Division/of the sales dollar for the year 1935.

MR. KELLOCK: Next, my lord, is the same thing for the real silk division.

THE COMMISSIONER: That will be Exhibit 1225.

EXHIBIT 1225: Real Silk Division, analysis of the sales dollar for the year 1935.

HOWSON

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including any capital employed amounts paid for
patents, trademarks and good will. Mr. Howson
has done that for all these different companies,
and I imagine that could be put in as a separate
Exhibit, my Lord.

THE COMMISSIONER: I would think so. That

will be Exhibit 1882.

EXHIBIT 1882:

Ratio of final net profits
before and after income
taxes to capital employed,
exclusive of outside invest-
ments and capital employed
in valuing the value of
trademarks, patents and good
will.

MR. MILLER: Then the next, my Lord, is the

ratio of net profits after bond interest, where
bond interest exists, to sales.

THE COMMISSIONER: That will be Exhibit 1883

EXHIBIT 1883:

Ratio of net profits, after
bond interest, to sales.

MR. MILLER: The next, my Lord, is an analysis

of the sales dollar for the year 1935 for the
cotton division.

THE COMMISSIONER: That will be Exhibit 1884

analysis

EXHIBIT 1884:

Cotton Division of the sales
dollar for the year 1935.

MR. MILLER: Next, my Lord, is the same thing

for the real silk division.

THE COMMISSIONER: That will be Exhibit 1885.

EXHIBIT 1885:

Real Silk Division, analysis
of the sales dollar for the

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MR. KELLOCK: Then I should like to put in a matter that has just come to hand. It is a study made by the Joint Committee of the Cotton Trade Organizations, dated September 9, 1936.

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THE COMMISSIONER: Who puts that in?

MR. KELLOCK: It is the Joint Committee of the Cotton Trade Organizations in England, my lord.

THE COMMISSIONER: That will be Exhibit 1226.

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EXHIBIT 1226: Study by the Joint Committee of the Cotton Trade Organizations, England, dated September 9, 1936.

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BY MR. McRUER: Q. Mr. Howson, there is just one thing I would like you to prepare for us, the number of employees in the industry in each year from 1930 up to 1936. I think you have the totals in the Exhibits that have been filed, and it is just a question of compiling the information.

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MR. KELLOCK: That will be the companies reporting?

MR. McRUER: The companies reporting.

THE WITNESS: They did not all report.

BY MR. McRUER: Q. You have got them there?

A. These are just a small number.

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Q. They did not all report the number of their employees? A. No.

Q. Well, I would like to know with regard to the ones that are here. We can have a cross-section of the ones here. A. Showing the number of companies?

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Q. Then I should like to put in a
statement that has just come to hand. It is a study
made by the Joint Committee of the Cotton Trade
Association, dated September 9, 1935.

THE COMMISSIONER: Who paid for it?
A. HILLCOCK: It is the Joint Committee of the
Cotton Trade Organizations in England, my lord.
THE COMMISSIONER: That will be Exhibit 1369.

EXHIBIT 1369: Study by the Joint Committee
of the Cotton Trade Organizations
in England, dated September 9, 1935.
Q. Now, my lord, what is this?

one thing I would like you to prepare for us, the
number of employees in the industry in each year
from 1920 up to 1935. I think you have the totals
in the exhibits that have been filed, and it is just
a question of compiling the information.

A. HILLCOCK: That will be the companies no-
tation?

A. HILLCOCK: The companies reporting.
THE WITNESS: They did not all report.
BY MR. HILLCOCK: Q. You have not then there?
A. There are just a small number.

Q. They did not all report the number of
their employees?
A. No.

A. Well, I would like to know with regard
to the ones that are here. We can have a cross-
section of the ones here.
A. Showing

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Q. The companies and the number of employees they employed in each year, 1920, 1921, 1922, 1923, 1924, 1925 and 1926 ?

A. Yes.

THE COMMISSIONER: What remains for to-morrow?

MR. McRUER: Mr. Heward is introducing some evidence from accountants.

THE COMMISSIONER: That goes on in the morning ?

MR. McRUER: Yes.

THE COMMISSIONER: And is that the end ?

MR. McRUER: Practically.

MR. BALLANTYNE: My lord, I have a few things that should probably go in in the morning. There are one or two letters, and the correction of the evidence in respect to Montreal Cottons.

THE COMMISSIONER: We will take that first thing in the morning.

-- The Commission adjourned at 5.40 p.m., to resume at 10.30 a.m. tomorrow, Thursday, November 26, 1926.

... employed in each year, 1930, 1931, 1932, 1933, 1934, 1935 and 1936.

... evidence from accountants.

THE COMMISSIONER: That goes on in the morning.

MR. STONOR: Yes.

THE COMMISSIONER: And is that the end?

MR. STONOR: Yes.

MR. BILLINGTON: My lord, I have a few things that should properly go in in the morning. There are one or two letters, and the correction of the evidence in regard to Montreal Customs.

THE COMMISSIONER: We will take that first thing in the morning.

-- The Commission adjourned at 2.40 p.m., to resume at 10.30 a.m. tomorrow, Thursday, November 26, 1936.

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY.

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

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A. S. Whiteley, Secretary,

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ONE HUNDREDTH DAY

(November 26th, 1936)

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Robert Brydie,
Official Reporter.

THE BRIDLE

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(THE BRIDLE)

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY.

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

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A. S. Whiteley, Secretary,

A p p e a r a n c e s :

10

J. C. McRuer, K.C.)

and)

E. Beauregard, K.C.)

Commission Counsel,

J. P. Lanctot, K.C.)

and)

R. L. Kellock, K.C.)

For Special Committed
on Primary Textile
Industries.

15

C.G. Heward, K.C.)

Aime Geoffrion, K.C.)

and)

C.T. Ballantyne,)

For Dominion Textile
Company

S. G. Dixon, K.C.

For Courtaulds Limited.

20

L.A. Forsyth, K.C.

For Canadian Celanese
Limited, and Canadian
Silk Products Limited.

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Ottawa, Ontario,
Thursday, November 26, 1936.

-- The Commission resumed at 10:30 A.M.

G. BLAIR GORDON, recalled.

EXAMINED BY MR. BALLANTYNE:

Q. Mr. Gordon, you were here a few days ago, I think, and heard some evidence which was given with regard to cotton crepes which evidence consisted in large part of letters between the Department of National Revenue and the Montreal Cottons Company which had been taken by Mr. Hooper from the Department's files ?

A. Yes.

Q. Have you anything which you wish to add to the Exhibit which was made up of that correspondence?

MR. McRUER: Have you got the numbers of these exhibits ?

MR. BALLANTYNE: 800.

MR. McRUER: 800 ?

MR. BALLANTYNE: Yes; have you anything which you wish to add to this exhibit 800 which is a file of letters produced by Mr. Hooper ?

A. Yes, I have come across in my files an exchange of letters between the Department and myself at that time. These two letters I think should be added.

THE COMMISSIONER: What was the point involved in that ?

MR. BALLANTYNE: It was whether cotton crepes were goods of a class or kind made in Canada or not, and there were several various rulings, and this is the

finish of that subject for the time being.

THE COMMISSIONER: I see there was quite a lot of correspondence in No. 800.

5 THE WITNESS: My lord, to the best of my recollection these two letters were not produced by Mr. Hooper.

THE COMMISSIONER: We will put them in now. They will be No. 1227 with reference to No. 800.

10 EXHIBIT No. 1227: Letters dated February 20th and February 23rd, 1933 between Department of National Revenue and Mr. Gordon.

15 BY MR. BALLANTYNE: Q. Now, Mr. Gordon, the first of these letters is a letter dated the 20th of February, 1933, on the stationery of the Department of National Revenue from Mr. Williams, Textile Adviser to yourself ? A. Yes.

20 A. This letter reads as follows: "Dear Mr. Gordon"-- A. Of course, at that time I was acting general manager of the Montreal Cottons. That was my position in the matter.

Q. "Dear Mr. Gordon:

25 "The Department has had under consideration for some time whether certain cotton crepes imported from Japan are of a class or kind made in Canada or not, and there has been some correspondence with the Montreal Cottons Limited on the subject.

30 "Apparently, you make cotton crepe, but one that is not as crinkly as the Japanese article and, on this account, the Department has ruled

finish of the subject for the time being.

Mr. [Name] R: I see there was quite a lot

Mr. [Name] R: I see there was quite a lot

Mr. [Name] R: I see there was quite a lot

Mr. [Name] R: I see there was quite a lot

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Mr. [Name] R: I see there was quite a lot

Mr. [Name] R: I see there was quite a lot

that the imported crepe is of a class or kind not made in Canada.

5 "Personally, I think this is rather a dangerous ruling, as the fabric is a very ordinary one so far as counts of yarn are concerned (I enclose a sample for your information) and I am very much afraid of a ruling based solely on the degree of crimpiness in the fabric, as the question would naturally arise
10 how much crimp would be necessary to take a staple cloth out of the class of goods made in Canada.

15 ".Would you mind thinking the matter over and letting me have your views, in case I have made the difficulty quite clear in the foregoing.

Yours truly,

(Sgd.) A. C. Williams
Textile Adviser".

20 THE COMMISSIONER: Tell me again what the date is ?

MR. BALLANTYNE: The 20th of February, 1933.

Now, Mr. Gordon, you reply to that letter on the 23rd of February, 1933 ? A. Yes.

25 . Your letter reads as follows:

"Dear Mr. Williams:

30 "Replying to your letter of February 20th, file 86550, C.F. IL, the circumstances in this connection are rather exceptional. A Vancouver wholesaler has been importing this particular

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from the improved crop is of a class or
not made in Canada.
"Personally, I think this is rather a
commonly one to see in Canada of the
earned (I enclose a sample for your information
and I am very much afraid of a ruling based
solely on the degree of enrichment in the
crop, as the question would naturally arise
how much grain would be necessary to take a
steep class out of the class of good made
in Canada.

"Should you wish thinking the matter over
and feeling as to your view, in case I
need the difficulty class in the
future."

Yours truly,

W. A. Williams

Technical Adviser.

THE CANADIAN: Tell me again what the
is?

Mr. Williams: The 20th of February, 1933.

Now, Mr. Gordon, you reply to my letter on the
20th of February, 1933?

A. Yes.

Your letter reads as follows:

Dear Mr. Williams:

"Replying to your letter of February 20th
this 20th, 1933, I am sorry to hear
that the 20th of February, 1933, is
the 20th of February, 1933."

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Gordon

crepe to supply the Oriental market in British Columbia. We are not prepared to manufacture this cloth in the small quantity and wide range of colors demanded by this restricted market.

"If the cloth becomes of general interest to the trade, or the present ruling is taken advantage of to import other crepe cloths, we shall be forced to change our attitude.

Yours very truly,

(Sgd.) G.B.G.

Acting General Manager,
Montreal Cottons Limited".

THE COMMISSIONER: Now, are those the last letters on that topic?

BY MR. BALLANTYNE: Q. Are those the last letters you have exchanged with the Department? A. Yes, that is the last letters on my file.

.. That is the final attitude that your company took towards the matter? A. Yes.

MR. McRUER: No, Oh, no; there is a letter on the 7th of March, 1935 from Mr. Robertson of the Dominion Textile.

THE WITNESS: It would not be 1935.

MR. McRUER: Well, here it is, re Cotton Crepe.

THE COMMISSIONER: In that case it is not in exhibit 800.

MR. McRUER: Yes, my lord.

THE COMMISSIONER: Not according to the dates I took. I took them all here. The last one I have is dated March 7th, 1933.

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104-36860-187 :X-100, Nov. 1954, p. 10

no test is required

707 1. I instructed all the boys to have

that is the last letters on my life.

That is the final attitude that I don't want to see.

M. J. ROSENBERG: No, Oh, no; there is a letter on

7th of March, 1955 from Mr. Robertson of the Dominion

Refined

It would not be 1935.

MR. McSULLIVAN: Well, here it is, no Cotton Creek.

o ni tou ai ti esse tair ai

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THE COMING LEADER: Not according to the dates

THE WITNESS: Anyway, it was 1933, sir, or 1932 perhaps; I don't know.

MR. McRUER: It is in here as 1935 but Mr. Gordon says that this man was not with them in 1935.

5 THE WITNESS: No, his health broke down.

MR. McRUER: "We wish to thank you for your favour of the 5th and might state that the conditions regarding this quality are the same as per our letter of February 23rd, 1933". Well then, there must be a letter of the 5th of March.

10 THE COMMISSIONER: There is one of the 5th of March from the Department to Montreal Cottons.

15 THE WITNESS: I think most of the correspondence was in 1932, sir, from July onward. So far as my own file was concerned that was the end of it.

THE COMMISSIONER: Can you tell me, Mr. McRuér, how these two letters did not get in?

MR. McRUER: How they which?

20 THE COMMISSIONER: How these two letters did not get in?

25 MR. McRUER: I don't know. There doesn't seem to be any reference to them in the files at all here. I just asked the Department to give me all the correspondence they had on it. They may have got into some other file. There are so many files on different subject matters.

30 BY MR. BALLANTYNE: Mr. Gordon, on November 18th last, that was the 93rd day, my friend was examining Mr. Howson with regard to Montreal Cottons' affairs and made a statement on page 12891 which was concurred

THE WITNESS: Anyway, it was 1938, air, or

1938 perhaps; I don't know.

MR. McLEOD: It is in here as 1938 but Mr. Gordon

says that this man was not with them in 1938.

THE WITNESS: No, his health broke down.

MR. McLEOD: "I wish to thank you for your

favour of the 5th and might state that the condi-

tions regarding this quality are the same as per our

letter of February 23rd, 1938." Well then, there

must be a letter of the 5th of March.

THE COMMISSIONER: There is one of the 5th of

March from the Department to Montreal, Ottawa.

THE WITNESS: I think most of the correspondence

was in 1938, air, from July onward. So far as my

own file was concerned that was the end of it.

THE COMMISSIONER: Can you tell me, Mr. McLEOD,

how these two letters did not get in?

MR. McLEOD: How they which?

THE COMMISSIONER: How these two letters did not

MR. McLEOD: I don't know. There doesn't seem to

be any reference to them in the files at all here.

I just asked the Department to give me all the cor-

respondence they had on it. They may have got into

some other file. There are so many files on dif-

ferent subjects.

THE COMMISSIONER: Well, perhaps, as I have said

before, that you may say, "Well, I don't know."

THE COMMISSIONER: I am not asking you to say

that you don't know. I am asking you to say

in by the witness, Mr. Howson. Now, the statement, or the question rather was this:

5 Q. So that if wages were charged in the ordinary pay roll as this indicates that they were and the men were employed in reconstruction of the plant, then the reconstruction would come out of profits and not out of capital? A. Yes. "

Now, is that a correct statement, Mr. Gordon? A. No, it isn't correct.

10 Q. Why is it not correct? A. It does not necessarily follow that because wages are shown on the pay roll that that amount of money, that that complete amount of money was all charged to one account in the books of the company. The pay roll is really simply
15 a record of the time and piece rates and so on of people working for one reason or another, and to keep the company's books wages on the pay roll have to be entered into the proper accounts, and some of these wages may be charged to operating accounts, such as
20 mill wages, and some other portion of the wages may be charged to capital account, such as buildings or machinery.

25 Q. Now, this question and answer refer to the period of 1931, 1932 and 1933 when I understand the Montreal Cottons Mills was being rehabilitated?
A. Yes.

30 Q. And was any portion of the wages shown on the pay roll during that period charged to capital account? A. Yes, there were very considerable charges

in by the witness, Mr. Howson. Now, the statement,
or the question rather was this:

"... so that if wages were charged in the ordinary
pay roll as this indicates that they were
and the men were employed in reconstruction of
the plant, then the reconstruction would come
out of profits and not out of capital? A. Y.
Now, is that a correct statement, Mr. Gordon? A.
No, it isn't correct.

.. Why is it not correct? A. It does not
necessarily follow that because wages are shown on
pay roll that that amount of money, that that company
amount of money was all charged to one account in
books of the company. The pay roll is really simply
a record of the time and piece rates and so on of
people working for one reason or another, and to the
company's books wages on the pay roll have to
entered into whatever accounts, and some of those
wages may be charged to operating accounts, such as
all wages, and some other portion of the wages may
be charged to capital account, such as buildings or
equipment.

.. Now, this question and answer refer to the
wages of 1901, 1902 and 1903, is that correct?
Montreal Cotton Mills was being rehabilitated?
A. Yes.

Q. And was any portion of the wages shown on
pay roll during that period charged to capital ac-
count? A. Yes, there were very considerable

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to capital account out of pay roll wages. I can give you the figures.

Q. Can you give us the figures ? A. In 1931 wages charged to capital account amounted to \$120,438.15. In 1932 \$132,978.70. In 1933 \$33,570.65.

Q. These are the only two points, my lord, that I wanted to put Mr. Gordon in for. They are small matters of correction.

CROSS EXAMINED BY MR. McRUER:

Q. Mr. Gordon, in your letter to Messrs. Clarkson, Gordon, & Dilworth that was filed during Mr. Howson's evidence, you said that 25% of the pay r_oll was taken up during one of these years ? A. Yes, I was referring to 1933 there.

Q. 1933 ? A. Yes.

Q. What was the figure for 1933 ? A. My figure for wages charged to capital account is \$33,570.

Q. What would 25% of your pay roll be for that year ? A. About \$250,000.

Q. So that out of about \$250,000. only \$33,000. was charged to capital account and the rest to profit and loss ? A. Yes, that is right. You will see if you could follow the figures I read out that the previous year -- I do not believe Mr. Glassco had the percentage in the previous year but it may have been even greater than 25.

Q. Probably you could tell us how much of the wages for that period were charged to capital and how much to profit and loss ? A. No, I am afraid I

it out of my roll wages. I can give
you the figures.

.. Can you give us the figures?

wages charged to capital account amounted to \$130,270.

In 1928 \$132,978.00. In 1929 \$132,978.00.

.. These are the only two points, my Lord, that

wanted to put Mr. Gordon in for. They are small

CROSS EXAMINED BY MR. BRYDIE:

.. Mr. Gordon, in your letter to Messrs. Chamberlain

Gordon, & Milworth that was filed in the case, Mr. Gordon

testified, you said that \$24 of the pay roll was

up during one of these years?

was referring to 1928 or 1929?

.. 1928?

.. What was the figure for 1928?

for wages charged to capital account is \$132,970.

.. What would 25% of your pay roll be for that

year?

.. So that out of about \$50,000, only \$12,500

was charged to capital account and the rest to profit

and loss?

.. Yes, that is right. You will

see if you could follow the figures I read out for

1928 as year -- I do not believe Mr. Chamberlain

percentage in the previous year but it may have been

greater than 25.

wages for that period were charged to capital and

have not got the data. I have the total pay roll but I haven't got the total charged to repairs but Mr. Howson has it in his figures. They have already been put in. These figures would be supplementary to Mr. Howson's figures.

MR. BALLANTYNE: Mr. Howson did not distinguish them? A. No, yours are not wages, yours are total repairs.

BY MR. McRUER: Q. We do not have the distribution of wages? A. We can easily get it for you. In that particular year you are quite right, 33,000 out of approximately 250,000 was charged to capital account.

Q. What was the amount charged the previous year?

A. \$132,000

Q. You say the amount of wages expended on repairs may have amounted to more than 25% of the pay roll? A. The pay roll the previous year amounted to \$1,178,000 and it would be merely an estimate on my part that there was \$250,000 of that construction but I know that by 1933 we had finished putting in most of the capital account work such as putting in new machinery and we were engaged chiefly in repairing buildings and re-pointing the rather extensive masonry out there and various other jobs. I can remember we had a list of about sixty jobs, separate repair jobs at that time, which were really repairs.

Q. Now, to come to another matter; can you tell me on what basis the inventories of the Montreal Cotton Company are taken? A. Well, I would say,

I have the total pay roll
I haven't got the total charged to repairs but Mr.
Henson has it in his figures. They have already been
put in. These figures would be supplementary to Mr.
Mr. Henson did not distinguish
there? A. No, yours are not wages, yours are costs
repairs.
Mr. Henson: A. We do not have the distinction
tion of wages?
A. We can easily get it
You. In that particular year you are quite right,
\$8,000 out of approximately \$20,000 was charged to
repairs.
A. What was the amount charged the previous
year? \$12,000
A. You say the amount of wages expended on
repairs may have amounted to more than 25% of the pay
roll? A. The pay roll the previous year amounted
to \$1,128,000 and it would be merely an estimate on
my part that there was \$250,000 of that construction
but I know that by 1928 we had finished putting in
of the capital account work and as putting in new
machinery and we were engaged chiefly in repairing
buildings and re-pointing the rather extensive masonry
out and various other jobs. I can remember re-
had a list of about sixty jobs, separate repair jobs
of that kind, which were really repairs.
A. Now, is that the total amount?
A. That is the total amount of the construction
work done by the company and largely

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sir, that so far as my connection with them goes that their basis has been very close to the Dominion Textile methods.

Q. Very close to them ? A. I would say it is the same principles.

Q. The same principles but there may be variations in it ? A. Well, I don't want to be too specific. I would have to check it year by year.

Q. And had those principles obtained prior to the Dominion Textile taking over control of the company ? A. I don't know actually. The man who was there before we took hold was an individual of a very individualistic type of mind and he kept these things under his own hat.

Q. Of course, his method of keeping his inventory could not stay under his hat very well; wouldn't there be records of it ? A. The record -- insofar as the inventory was concerned it was made up according to his ideas but what his ideas were he did not put on paper. The result of his ideas was there.

Q. Wouldn't he have some way of keeping track, an inventory book, that would show any discounts that were taken, and so on ? A. I don't know that there was, sir. From what I have heard of his method when inventory time came he gave out certain figures to the people that were taking the inventory and they worked on those figures.

Q. That is a most extraordinary way. I am not blaming you for it. I want to know just in what way

air, that so far as my connection with them goes the
their basis has been very close to the Dominion Tax-
this method.

.. Very close to them ?
A. I would say
it is the same principles.

.. The same principles but there may be variations in it ?
A. Well, I don't want

be too specific. I would have to check it year by
year.

.. And had these principles advanced prior to
Dominion Taxation taking over control of the country

.. I don't know actually. The man who was there
Tome we took hold was an individual of a very indivi-
dualistic type of mind and he kept these things under
his own hat.

.. Of course, his method of keeping his inventory
could not stay under his hat very well; wouldn't it
be records of it ?
A. The record -- in fact

as the inventory was concerned it was made up according
to his ideas but what his ideas were he did not put
on paper. The result of his ideas was there.
.. Wouldn't he have some way of keeping track

an inventory book, that would show any discounts that
were taken, and so on ?
A. I don't know

.. I don't know I have never seen one
.. I have never seen one

.. the people that were taking the inventory and
worked on those figures.

.. That is a most extraordinary way. I am not
.. I want to know that is that

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It was done. You say it was told you that the manager gave out certain figures to the people that were going to take inventory and then they worked on them?

5 A. I mean they used them, they used the data he gave them to make the extensions.

Q. They had the value he gave them before they had taken inventory ? A. No, the quantities were all there in the plant. They had to have unit values to make their extensions, to work out the values and his action was to give them the information which put them in a position to do that.

10 Q. And since you took hold, at any rate, the system was changed and you did not operate on that system any further but closely followed the system of the Dominion Textile Company ? A. Yes. If our system happened to be the same as his it would be a pure fluke.

15 Q. So in order to find out the true position of the company we would have to make the same calculations we have made in respect to the Dominion Textile Company ? A. Yes, and compare them with the figures set up in the last years.

20 Q. Now, in regard to the Drummondville Cotton Company does the same thing apply there, that the same methods were used in taking the inventory ?- A. Yes sir, we take -- we bought the Drummondville Cotton Company. It was not a question of just administrative it. We have owned that plant since the beginning of 1929 and when we took it over we put in Dominion Textile methods from the very outset. Jenckes Canadian

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it was done. You say it was told you that the men-
get gave out certain figures to the people that were
going to take inventory and then they worked on them.
A. I mean they used them, they used the data he gave
them to make the extensions.

Q. They had the value he gave them before they
had taken inventory?
A. No, the quantities were
all there in the plant. They had to have unit value
to make their extensions, to work out the values and
his action was to give them the information which put
them in a position to do that.

Q. And since you took hold, at any rate, the sys-
tem was changed and you did not operate on that system
any further but closely followed the system of the
Dominion Fertilizer Company? A. Yes. If our system
happened to be the same as his it would be a pure

Q. No in order to find out the true position of
the company we would have to make the same calcula-
tions we have made in respect to the Dominion Fertilizer
Company? A. Yes, and compare them with the
figures we have in the last report.

Q. Now, in regard to the Brunswickville Cotton
Company does the same thing apply there, that the
records were used in making the inventory? A. I
am not sure -- we bought the Brunswickville Cotton
Company. It was not a question of just administrative
records. We have owned that plant since the beginning
and when we took it over we put in our own records
the records that we had.

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was the former company. I don't know really anything about their methods .

5 Q. Now, the Sherbrooke Cotton Company; up until what time was that run as a separate unit, that is, a separate corporation ? A. Until March 31st, 1934, I think.

Q. Then it became a branch of the Dominion Textile?
A. Yes.

10 Q. So that since 1934 the method applied there would be the method applied to one of the branches of the Dominion Textile ? A. Yes; it was even when it was a separate company. It was the Sherbrooke Cotton Company but it was purely an accounting fiction, if you like, that it was a separate company. It was a
15 wholly owned subsidiary operated just as Drummondville was and still is.

Q. Did you make up a statement of Profit and Loss for it ? A. Yes.

20 Q. And paid Income Tax on the profits of that company ? A. When there were any.

Q. There were losses ? A. We had some heavy losses there.

25 Q. At any rate, your statement would be made up on the basis of the corporate state of affairs ? A. Yes, from the period we took over in 1929.

Q. Did you use the same principles in taking inventory there as you used in the Dominion Textile ?
A. Yes.

30 Q. Now, one other question in respect to the appraisals that were made by the insurance companies in

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1936 at the Montreal Cottons plant and the Dominion Textile plants. You have insured on the basis of these appraisals ? A. Yes, we have; our coverage is based on these values.

5 Q. And you do not contend that your properties are not worth the amount of the appraisals ? A. Well, I cannot answer that, Mr. McRuer, because I don't know actually to-day what the regular appraisal as made in 1920 would show to-day. That appraisal was made for
10 fire insurance purposes.

Q. I know, but fire insurance purposes cannot be anything but a proper purpose. If you are going to have a fire you are not going to claim more or less than you think the property is worth ? A. No sir,
15 you get paid what they think is the market value.

Q. I am talking about your attitude, that if there was a fire you would claim that the property was worth that much. You would not claim it was worth less than the appraisal ? A. I don't
20 know, Mr. McRuer, I cannot tell you. You see, unless it was a complete fire that wiped out the whole plant--

Q. That is what I am talking about, a complete fire that wipes out the whole plant. You would claim you should be paid the total loss and that would be the amount of the appraisal ? A. No, I don't
25 think we would take that arbitrary attitude. What we would have to do -- the fire insurance idea, sir, is this that if you have a fire the insurance you get should be sufficient to put you back into operation quickly. That is, you have not got time to shop around
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1908 at the central cotton plant and the Dominion
Textile plants. You have figured on the basis of
securities? Yes, we have; our coverage
is based on these values.
... and you do not contend that your properties
are not worth the amount of the securities? ...
... to-day when the market is as low
1908 would show to-day. That appraisal was made
the insurance purposes.
... I know, but the insurance purposes cannot
anything but a proper purpose. If you are going to
have a fire you are not going to claim more or less
than you think the property is worth? ... No sir.
You get paid what they think is the market value.
... I am talking about your attitude, that if
there was a fire you would claim that the property
was worth that much. You would not claim it was
worth less than the securities? ... I don't
know, Mr. McGee, I cannot tell you. You see, and
it was a complete fire that wiped out the whole plant.
... that is what I am talking about, a complete
fire that wiped out the whole plant. You would claim
you should be paid the total loss and that would be
the amount of the securities? ... No, I don't
think we would take that arbitrary attitude. That
would have to do -- the fire insurance idea, sir, I
think that if you have a fire the insurance you get
would be sufficient to pay you back the amount
of the securities. That is, you have the securities

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a great deal and buy low price second-hand machinery. You may have to go out and buy fairly high price second-hand machinery to replace the depreciated equipment you have in your plant. That is their theory.

5 Q. But you do not get paid more than the loss for the depreciated machinery. The insurance company won't let you burn an old automobile and get a new one ?

A. No.

10 Q. They won't let you burn an old machine and get a new one ? A. No.

Q. What you insure is the depreciated value of your machinery ? A. The value they put on in their insurance appraisal.

15 Q. That is the depreciated value ? A. Based on quick replacement in the second-hand machinery market. They say so in their correspondence.

Q. Quick replacement, that is all right; now, you have no evidence to introduce to this Commission to show that the insurance appraisal is too high ?

20 A. No, but I can show you really what the fire insurance appraisal means.

Q. I am talking about what you mean, and you are not swearing it is too high ? A. Not from the fire insurance angle, no.

25 Q. From the angle of the value of your property?

A. I tell you I don't know.

Q. All right, we will leave it at that ? A. We have not had an appraisal in the last couple of years.

30 Q. We have had an appraisal and we know what it is ? A. I know the book value.

a great deal and buy low price second-hand machine
You may have to go out and buy fairly high price
equipment you have in your plant. That is their
... but you do not get paid more than the loss
the dearest and most likely. That is the way to
let you buy an old machine and get a new one?
... They won't let you buy an old machine and
a new one?
... but you have to be concerned with the
your machinery?
... the value they put on
their insurance estimate.
... what is the depreciated value?
... depreciation in the second-hand machinery
they say so in their correspondence.
... which replacement, that is all right; now
have no evidence to introduce to this Commission to
show that the insurance appraisal is too high?
A. No, but I can show you really what the first price
...
A. I am talking about what you mean, and you
are swearing it is too high?
... the insurance value, no.
... from the angle of the value of your property
A. I tell you I don't know.
...
...
A. I know the book value.

Q. Now, I am asking you to contradict it as being too high and you won't do it ? A. All I know to-day is the book value of our property. I have got no reason to doubt that the books are wrong.

5 MR. HEWARD: No reason to doubt that they are right ? A. Yes.

BY MR. McRUER: Q. I think you have no reason to doubt they are wrong, as far as that goes ? A. What I mean, Mr. McRuer, I have got no reason to think that the books are not right.

10 Q. Mr. Gordon, you are not suggesting your property is not worth more than the depreciated value as shown on the books ? A. The \$18,000,000. shown there ?

15 Q. No, I am saying the depreciated value shown on the books ? A. That is what it shows there.

Q. You suggest it is not worth more than that ? A. I say I don't know that it is worth more.

20 Q. It is not shown at \$18,000,000. You have in that the appraisal write-up ? A. That is as shown on the books.

Q. I say the depreciated value of the property ? You cannot take depreciation and write it back in again with me.

25 MR. BALLANTYNE: That is a matter of argument .

BY MR. McRUER: Q. I say you cannot with me ? A. I am talking about the books, Mr. McRuer. That is what my statement is based on.

30 Q. Do you say the property is worth no more than

Q. Now, I am asking you to consider that it is a
too high and you won't do it?

A. Yes, I have got a property. I have got a
reason to doubt that the books are wrong.

Q. Now, I am asking you to consider that it is a

BY MR. MORRIS: I think you have no reason

doubt they are wrong, as far as it goes?

Q. Now, I am asking you to consider that it is a

the books are not right.

A. Mr. Gordon, you are not a "gossiping" sort of

party is not worth more than the lowest and value

shown on the books?

Q. No, I am asking the depreciated value shown

the books?

A. That is what it shows

Q. You suggest it is not worth more than that?

A. I say I don't know that it is worth more.

Q. It is not shown at \$18,000,000. You have in

that the appraisal write-up?

shown on the books.

Q. I say the depreciated value of the property

You cannot take depreciation and write it back in

with me.

MR. BALLANTYNE: That is a matter of argument.

BY MR. MORRIS: I say you cannot write it

what my statement is based on.

Q. Now, I am asking you to consider that it is a

\$18,000,000 ? A. I say I don't know whether it is worth any more. I say that is my indication of what the property is worth.

5 Well, we can take that too. If you got into an arbitration over that property I don't believe you would equivocate that way. Supposing the Government took a notion to expropriate it would you sell it for \$18,000,000. ? A. I cannot really answer these hypotheses.

10 BY MR. BALLANTYNE: Q. Mr. Gordon, just one question on this question of insurance valuation; the insurance valuation is to give you the figure of the depreciated replacement cost of the things that are insured, is it ? A. Under the conditions

15 assumed by the insurance company.

THE COMMISSIONER: All these things depend on the policy, depend on the law in force in the Province or the Dominion.

20 THE WITNESS: I could just make it clear --

MR. BALLANTYNE: Just a minute.

THE COMMISSIONER: It is a matter of interpretation. I would have to see the policy and read it and see what Act applies to it and then determine it.

25 MR. BALLANTYNE: I think there is a general question I would like to ask the witness. Does the insurance company in making a valuation of a plant take into consideration the question of the utility or the profitability of that plant, or does it simply take the depreciated replacement cost ? A. So far as the

30 insurance policy covers material values -- I am not

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London

I say I don't know whether
I say that is my intention
of what the property is worth.
.. well, we can take that too. If you got into
an obligation by that property I don't believe
any statement that was made during the
that a statement was made that you will be
.. I don't believe that
..
BY MR. BRYDIE: .. Mr. Jordan, just one
tion on the question of insurance valuation; the
insurance valuation is to give you the figure of the
depreciated replacement cost of the things that are
.. Under the conditions
.. is it?
.. insured by the insurance company.
MR. BRYDIE: All these things depend on
policy, depend on the law in force in the province
the position.
THE WITNESS: I could just make it clear --
..
THE WITNESS: It is a matter of information.
tation. I would have to see the policy and read
see what not applies to it and then determine if
.. I think there is a general
then I would like to ask the witness. Now the
company in making a valuation of a plant take in
sideration the location of the plant or the
.. of that plant, or does it simply take
..
..
..

referring to the occupancy part which is a separate part of the policy -- it does not take into account the use of the machinery if that is what you mean. You can insure yourself under a separate clause against loss of use and occupancy.

Q. In this figure of the insurance appraisal of which we have been talking does that take into consideration the use or the utility or the profitability, if there is such a word, of the thing that is insured ? A. It does in this sense, Mr. Ballantyne, that they intend, the insurance company's intention as declared by them is to put us in a position to quickly replace any destruction by fire so that we can resume operation.

Q. I don't know whether you got my question. Take, for example, your Verdun mill; are you using that now ? A. No, only as storage.

Q. It is still insured at the same value ? A. No, it has been reduced very considerably.

Q I see; all right ? A. The machinery has been taken out.

THE COMMISSIONER: The machinery has been taken out.

BY MR. BALLANTYNE: Q. I know, but as a building ? A. As a building.

Q. Yes ? A. I would have to check that. I cannot answer that. The building is there still, of course.

BY MR. MORUE: Q. You have written off from your books depreciation for it in the depreciation account of \$1,400,000. ? A. Yes, that was

referring to the occupancy part which is a separate part of the policy -- it does not take into account the use of the machinery if it is what you mean. You can insure yourself under a separate clause against loss of use and occupancy.

.. in this figure of the insurance spread of which we have been talking does that take into consideration the use or the utility or the profitability, if there is such a word, of the thing that is insured? A. It does in this sense, Mr. Ballantyne, that they intend, the insurance company's intention declared by them is to put us in a position to quicken our destruction by fire so that we can resume operation.

.. I don't know whether you got my question. Take, for example, your Verdon mill; are you using that now? A. No, only as a store.

.. It is still insured at the same value?

A. No, it has been reduced very considerably.

.. I see; all right? A. The machinery has

been taken out.

THE COMMISSIONER: The machinery has been taken

BY MR. BALLANTYNE: .. I know, but as a building

.. as a building.

.. Yes? A. I would have to check that. I

cannot answer that. The building is there still,

.. I have not yet

.. I have not yet

special depreciation.

BY MR. BALLANTYNE: Q. Does an appraisal company making a valuation, if a thing is a going concern, and industrial concern, does it appraise on a different basis from an insurance company?

THE COMMISSIONER: What company?

MR. BALLANTYNE: From an insurance appraisal.

MR. McRUER: I think it depends on which side they are on.

THE WITNESS: Yes, I understand it does.

MR. BALLANTYNE: All right, thank you.

BY MR. McRUER: Q. By the way, you did write off out of depreciation account \$1,400,000. for the machinery on the Verdun plant? A. There was a special write-off one year. It was just recently but I would have to look it up.

Q. And the machinery of the Verdun plant was very largely transferred to Sherbrooke? A. The rayon end was. The cotton machinery was spread around.

Q. It was spread around in different plants and put in use? A. Quite a lot of it, not all of it; some of it is in storage.

Q. All right, thanks.

THE COMMISSIONER: All right, Mr. Gordon.

MR. McRUER: Before my friend proceeds with Mr. Glassco there is one statement that was to be filed by Mr. Shepard in reference to the Canadian Cottons matter that I have here, my lord, which shows the basis of adjustments of the inventory.

THE COMMISSIONER: A new exhibit.

... does an operational ...
 part making a valuation, if a thing is a going concern, and industrial concern, does it operate on different basis from an insurance company?

THE COMMISSIONER: What company?

MR. WATKINS: From an insurance company.
 MR. WATKINS: I think it depends on what side

MR. WATKINS: Yes, I understand it now.

MR. WATKINS: All right, thank you.

MR. WATKINS: In the way, you are writing out of the valuation account \$1,000,000 for the machinery on the Vernon plant?
 MR. WATKINS: It was just recently but would have to look it up.

... and the machinery of the Vernon plant was largely transferred to Sparrow Lake?
 MR. WATKINS: The cotton machinery was spread around.

... it was spread around in different plants in ...
 A. Quite a lot of it, not all of it; some of it is in storage.

MR. WATKINS: All right, Mr. Gordon.

... there is one statement that was to be filed ...
 Mr. Gordon is reference to the Canadian Cotton ...
 that I have here, Mr. Gordon, which shows the ...
 of adjustments of the inventory.

THE COMMISSIONER: A new exhibit.

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MR. McRUER: Summary of inventory adjustments.

THE COMMISSIONER: 1228.

EXHIBIT No. 1228: Summary of inventory adjustments Canadian Cottons.

5 MR. McRUER: We also have a statement from Canadian Cottons, from Mr. Bruneau on behalf of Canadian Cottons in a letter addressed to Mr. Beauregard.

THE COMMISSIONER: What is this?

10 MR. McRUER: A letter from Mr. Bruneau to Mr. Beauregard dated the 29th of October, 1936.

THE COMMISSIONER: Pardon me a moment, what date?

15 MR. McRUER: The 29th of October, 1936. It encloses a table showing the tariff of pay, rates of pay of the piece work in a comparison between the pick and the cut.

THE COMMISSIONER: That is wages?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: It refers to Canadian Cottons?

20 MR. McRUER: Yes, my lord; now, there is another file of material from the Canadian Cottons that they sent in --

THE COMMISSIONER: Just a moment, this last one is exhibit 1229.

25 EXHIBIT No. 1229: Letter enclosing table of rates of pay on piece work in comparison between the pick and the cut.

MR. McRUER: I shall have to get this other material later. I do not appear to have it here.

30 THE COMMISSIONER: All right, Mr. Heward.

J. GRANT GLASSCO, sworn.

EXAMINED BY MR. HEWARD:

Q. Mr. Glassco, you are a chartered accountant?

A. Yes.

Q. With what firm? A. I am a partner in the firm of Clarkson, Gordon, Dilworth & Nash of Toronto.

Q. Now, have you prepared a statement covering the distribution of the sales dollar of the Dominion Textile Company for the ten years from 1927 to 1936, for each year? A. I have.

Q. What did you prepare this statement from? A. From the profit and loss questionnaire prepared by the Company for the Commission and from the company's books in respect to an adjustment that was required for Income Taxes.

Q. Will you file that statement as an exhibit?

THE COMMISSIONER: 1230.

EXHIBIT N o. 1230: Statement of distribution of sales dollar of Dominion Textile from 1927 to 1936.

BY MR. HEWARD: Q. Have you a copy for his lordship? A. I have given him one.

Q. Now, will you refer to page 1 on that exhibit 1230 and indicate to his lordship what the figures mean?

Page 13715 follows.

Q. Now, have you received a statement covering

the distribution of the sales of the goods

for the year 1937 to 1938?

A. Yes, I have.

Q. Let me see that statement, please.

A. Yes, I have.

Q. Now, the profit and loss statement for the year

1937 to 1938, is that correct?

A. Yes, it is.

Q. And the statement for the year 1938 to 1939?

A. Yes, I have.

Q. Will you file that statement as an exhibit?

A. Yes, I will.

Q. Now, have you a copy for his

forthcoming?

A. Yes, I have given him one.

Q. Now, will you return to me I or that and

1938 and 1939 to his forthcoming?

A. Yes, I will.

Q. Now, will you return to me I or that and

1938 and 1939 to his forthcoming?

A. Yes, I will.

Q. Now, will you return to me I or that and

1938 and 1939 to his forthcoming?

A. Yes, I will.

This is the Exhibit itself that I am using ?

What page do you refer to ?

MR. HEWARD: The first page, page one, my lord.

THE COMMISSIONER: All right.

5

THE WITNESS: This is a summary of the sales and the expenses and the profits in each of two five-year periods, the first one 1927 to 1931, and the second period, which is shown in the second column, the five years from 1932 to 1936 inclusive. Those years are the fiscal years of the company.

10

THE COMMISSIONER: That brings us down to ?

15

THE WITNESS: To March 31, 1936. The final column is the whole of the ten-year period. The total sales are shown, and against each item entering into this total of sales, the percentage or amount per dollar of sales is entered, so that you can compare the proportionate part of the dollar paid by the purchaser of this company's products which was applied to materials, wages, working expenses, etc., and also see what remained out of that sales dollar as a return to the owners of the equity.

20

25

BY MR. HEWARD: Q. Now, Mr. Glassco, for the first five-year period what was the percentage of mill wages? How many cents in the dollar were represented by mill wages ? A. 26.09 cents.

30

Q. And in the second period how many cents in the dollar were represented by mill wages ? A. 27.64 cents.

This is the exhibit itself that I am using?

What page do you refer to?

Mr. Hume: The first page, page one, or four.

The Commissioner: All right.

Mr. Hume: This is a summary of the sales

and the expenses and the profits is even of two

five-year periods, the first one 1937 to 1941, and

the second period, which is shown in the second

column, the five years from 1942 to 1946 inclusive.

Those years are the fiscal years of the company.

The Commissioner: That brings us down to?

Mr. Hume: To March 31, 1946. The first

column is the sales of the five-year period. The

total sales are shown, and against each item

entering into this total of sales, the percentage

or amount per dollar of sales is entered, so that

you can compare the proportions part of the

dollar paid by the purchaser of this company's

products which was applied to materials, wages,

working expenses, etc., and also see what remained

out of that sales dollar as a return to the owner.

Is that correct?

BY Mr. Hume: G. Now, Mr. Hume, for the

first five-year period what was the percentage of

mill wages? How many cents in the dollar were

represented by mill wages?

G. And in the second period how many cents

is the mill wage represented in the dollar?

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Q. And in the whole of the ten-year period ?

A. The total for the whole ten years was 26.79 cents.

Q. Now in the first five-year period, how many cents in the dollar represented the net return from sales available for the common stock equity ?

A. 6.54 cents.

Q. And in the second period ? A. 4.3 cents.

Q. And throughout the whole period ? A. 5.52 cents.

Q. Now turning to the following pages, pages 2 and 3, you show the same break-down of the sales dollar for the individual years in each of the five-year periods; is that right ? A. Yes, these

two sheets are the details of the summary column shown on the first statement. You have the years shown separately.

BY THE COMMISSIONER: Q. For the second five-year period ? A. Page 2 is for the second period, my lord, and page 3 is the first five years.

BY MR. REWARD: Q. Now to go through the years from 1927 on, will you state what was the net return from sales available for common stock equity in each of the years in question ?

A. In 1927 it was 10.06 cents; 1928, 5.77 cents; 1929, 5.93 cents; 1930, 5.92 cents; 1931, 4.41 cents. Shall I go on ?

Q. That completes the first period ? A. Yes.

Q. Now the second period please. A. The

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second period, for the year ending March 31, 1932, it was 5.07 cents; in the following year there was nothing available.

5

Q. Will you explain that ? A. Income tax and the payment of preferred dividends left nothing available for the common shareholders.

10

15

20

25

30

Q. Then in 1934 ? A. In 1934 it was 7.69 cents; in 1935, 4.51 cents; in 1936, 3.13 cents. I might point out that there is a note to this statement in respect of the amount shown for mill wages. The total shown for mill wages is the total mill wages shown as having been paid out each year by sheet 13A of the questionnaire. To get an absolutely exact distribution in each year, it would be necessary to make an adjustment in respect to inventory variations which would absorb a portion of the labour. However, for the ten-year period I do not believe that the difference would be important enough to go to the trouble of making a very lengthy analysis. I am just pointing out, my lord, that the total wages paid and the whole variation in inventories is reflected in the amount shown for materials.

BY MR. McRUER: Q. What is this ? A. The total wages paid each year are the figures appearing as mill wages.

Q. Yes, and what did you say about variations in inventories? A. To the extent that these wages produced merchandise which the company did not

second period, for the year ending March 31, 1932,
it was 2.04 cents; in the following year there
was nothing available.

Q. Will you explain that?
A. Yes, the amount of interest dividend is 1.00
cent, and the amount of interest dividend is 1.00
cent, and the amount of interest dividend is 1.00
cent.

Q. Then in 1932?
A. In 1932 it was
7.04 cents; in 1933, 4.01 cents; in 1934, 3.13 cents.
I might point out that there is a note to this

statement in respect of the amount shown for 1931
which, and to the extent of the amount shown for 1931
will be shown as having been paid out and paid

by means of the government. To get an idea
of the amount of the distribution in each year, it would be
necessary to make an adjustment in respect to interest

and variations which would show a position of the
company. However, for the ten-year period 1921-1930
I believe that the difference would be important.

enough to go to the benefit of the company's work
and to the benefit of the company's work. I am just pointing out, my lord,
that the total wages paid in the whole period

is indicated in the statement in the second period for
the period.
BY MR. BRYDIE: Q. What is this?

A. The total wages paid each year and the figures
are as follows:
Q. Yes, and what did you say about variations?

A. To the extent that the company is
invested in the company which the company is

sell in that year, thereby increasing the inventories for the year, you might say that a proportion of these wages applied to an inventory increase. Where inventories decline, the opposite takes place. I am just pointing out that in order to check these amounts absolutely against the profit and loss accounts of the company, it becomes necessary to take materials, wages, working expenses and depreciation as being the cost of the merchandise sold.

BY THE COMMISSIONER: Q. But you say the difference would be negligible? A. For the period I am satisfied it would, my lord.

BY MR. McRUER: Q. These are the wages that were really paid that year? A. Yes.

BY THE COMMISSIONER: Q. Was there exactly the number of sales to cover all these wages? A. Some years slightly more, some years there would be slightly less.

BY MR. HEWARD: Q. You will remember, Mr. Glassco, a former Exhibit, 951, which was introduced by Mr. Geoffrion in his cross-examination of Mr. Howson, and which gave a computation in regard to the sales dollar for the year 1936, and that Exhibit showed as the net return from sales available for the common stock equity in that year 2.57 cents of the sales dollar. Now I notice in your Exhibit, 1220, this Exhibit we are now discussing, which covers 1936 as well as the other years in the 10-year period, you show the net return from sales available for

self in that part, thereby increasing the income
for the year. You might say that a proportion of
these applied to an inventory increase.

Inventory was a debit, the opposite takes place. I
am just pointing out that in order to check these
amounts carefully against the profit and loss
statement of the company, it is necessary to
take materials, wages, working expenses and depreciation as being the cost of the merchandise sold.

BY Mr. Rost: A, but you say the
figure would be multiplied?
period I am satisfied it would, my friend.

BY Mr. Rost: A, what are the wages for
also really only that year?
BY Mr. Rost: A, are there assets?

the number of sales to cover all these wages?
A. Some years slightly more, some years there
would be slightly less.

BY Mr. Rost: A, you will remember, Mr.
Graham, a former director, who was in-
duced by Mr. Rost to his cross-examination
of Mr. Rost, and which gave a statement in
favor of the company and the year 1930.

and that exhibit showed as the net return from
sales available for the common stock only in
that year \$2.37 cents of the sales dollar. Now
I noted in your exhibit, 1930, that Exhibit 1
and now discussing, which covers 1930 as well

as the 1931-1932 period, you

common stock equity in that year as being 3.13 cents in the dollar. Will you please explain the difference?

A. The statement which Mr. Geoffrion put in --

THE COMMISSIONER: What number is the Exhibit?

MR. HEWARD: It was Exhibit 951, produced by Mr. Geoffrion.

THE COMMISSIONER: Yes, I remember it. We had better see what it contains.

THE WITNESS: I think, my lord, the information is substantially the same as it is here. The adjustment which results in the increase in the present statement is in respect to income tax, and in drawing up this figure we have had to eliminate from the income tax figures the income tax paid in respect of investment income, because it had nothing to do with the sales dollar. The former Exhibit did not have that adjustment, and I think this Exhibit should replace the other.

BY THE COMMISSIONER: Q. You mean there was an error in the former Exhibit? A. To that extent, my lord.

MR. HEWARD: So this Exhibit should replace Exhibit 951.

THE COMMISSIONER: I will take a note of that.

BY MR. HEWARD: Q. Now, Mr. Glassco, when Commission Counsel was examining the Commission Auditor Mr. Howson, it was pointed out by one of them that the total bond interest and dividends for the period 1927 to 1931 inclusive, that is the five-year period,

common stock equity in the year as being \$1.15
in the dollar. Will you please explain the difference
1. The statement which Mr. Gordon put in --
the statement which Mr. Gordon put in --
the statement which Mr. Gordon put in --
the statement which Mr. Gordon put in --

better see what it contains.
The witness: I think, my lord, the income
is substantially the same as it is here.
and which results in the increase in the gross
statement is in respect to income tax, and in
up this figure we have to eliminate the
income tax there is the income tax paid in respect
investment income, because it has nothing to do
the sales dollar. The former exhibit did not
that adjustment, and I think this would show
the same as before.

BY Mr. Gordon: You mean there was
error in the former exhibit?
extent, my lord.

Mr. Gordon: No this exhibit should reflect
exhibit 901.

Mr. Gordon: I will take a note of that.
BY Mr. Gordon: Now, Mr. Gordon, when
Commissioner Gordon was examining the Commission
Mr. Gordon, it was pointed out by one of the
the fact that the Commission was not
that the Commission was not

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Glassco

amounted to \$8,343,833.75, while the total bond interest and dividends for the period from 1932 to 1936 inclusive, amounted to \$8,445,176.25. Is that correct?

A. Yes.

THE COMMISSIONER: Are these figures on any Exhibit ?

MR. HEWARD: They are in the evidence.

THE WITNESS: Was this statement filed as an Exhibit ?

THE COMMISSIONER: What number do you refer to, Mr. Heward ?

MR. HEWARD: I did not know it was in an Exhibit. I read it in the evidence.

THE COMMISSIONER: What is the point again ?

BY MR. HEWARD: Q. It was stated that the total bond interest and dividends for the first five-year period, 1927 to 1931, amounted to \$8,343,833.75, and that the total bond interest and dividends for the second period, 1932 to 1936, amounted to \$8,445,176.25, an increase of a little less than \$112,000, and attention was drawn by Commission Counsel to the fact that in the first five-year period the total mill wages were \$26,250,000 odd, and in the second period the total mill wages amounted to \$23,588,000 odd, or a decrease of \$2,661,000 odd. I asked you, Mr. Glassco, to prepare for the Commission a statement showing the total wages paid in those two periods, the total hours worked by mill operatives in the same periods, the return on invested capital in

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amounted to \$8,343,838.75, while the total bond interest and dividends for the period from 1926 to 1937 inclusive, amounted to \$8,445,176.25. Is that correct?

A. Yes.

THE COMMISSIONER: And these figures are on the

Mr. Brydie: They are in the evidence.

THE COMMISSIONER: Was this statement filed as an

Exhibit?

THE COMMISSIONER: What number do you refer to

Mr. Brydie?

Mr. Brydie: I did not know it was in an

Exhibit. I read it in the evidence.

THE COMMISSIONER: What is the point again?

BY MR. BRYDIE: It was stated that the

total bond interest and dividends for the first

five-year period, 1927 to 1931, amounted to

\$8,343,838.75, and that the total bond interest and

dividends for the second period, 1932 to 1936,

amounted to \$8,445,176.25, an increase of a little

less than \$112,000, and attention was drawn by

Commissioner Connell to the fact that in the first

five-year period the total mill wages were

\$26,250,000 odd, and in the second period the

total mill wages amounted to \$28,338,000 odd, or

a decrease of \$2,081,000 odd. I asked you, Mr.

Mr. Brydie, whether the total wages paid in those two periods,

showing the total wages paid in those two periods,

the total wages paid in those two periods,

those periods, and a comparison of the earnings and dividends paid. I understand you have prepared that?

A. Yes.

Q. Will you file it, please? A. Yes.

THE COMMISSIONER: That will be Exhibit 1231.

EXHIBIT 1231: Statement showing total wages paid, hours worked, return on invested capital, comparison of earnings and dividends, 1927 to 1931, 1932 to 1936.

BY MR. HEWARD: Q. Referring to Exhibit 1231, how did you prepare that statement, Mr. Glassco?

A. This statement again is divided into the same two five-year periods, namely, 1927 to 1931, and 1932 to 1936. These are the periods referred to in the statement filed, I believe, by Mr. Howson, to which you have referred. The wages paid are the mill wages, substantially the same figures as appear in Mr. Howson's Exhibit. The hours worked have been furnished to us by the company's officials from the records. The amounts and percentages have been calculated on those two totals. The invested capital and the return thereon has been calculated in accordance with the statements which we will presently deal with, and it might be helpful to defer explaining this in detail until we reach those statements.

Q. You are filing statements in that regard?

A. I am filing statements presently to show exactly how that is made up. I might say, however, that it represents the equity of the shareholders of the comp any

these periods, and a comparison of the earnings at

statements. Will you please file it, please?

A. Yes.

Q. Will you file it, please?

A. Yes.

Statement showing total
wages paid, hours worked,
return on invested capital,
comparison of earnings and
dividends, 1937 to 1941,
1942 to 1946.

BY MR. BRYDIE: Q. Referring to Exhibit 1A

now this, I prepare first statement, Mr. Brydye?

A. This statement again is divided into the same

two five-year periods, namely, 1937 to 1941, and

1942 to 1946. These are the periods referred to in

the statement filed, I believe, by Mr. Hanson, to

which you have referred. The wages paid are the

same, and the hours worked

appear in Mr. Hanson's Exhibit. The hours worked

have been furnished to me by the company's officials

from the records. The amounts and percentages have

been calculated on those two totals. The invested

capital and the return thereon has been calculated

in accordance with the statements which we will

presently deal with, and it might be helpful to let

explaining this in detail until we reach those state

ments.

Q. You are filing statements in that regard?

A. I am filing statements presently to show exactly

how this is made up. I might say, however, that

MR. McRUER: According to your contention.

THE WITNESS: Yes, according to my contention.

There is, of course, no doubt as to whether they were shareholders, but there is nothing included in this for the invested capital, for the money owed to the company's bondholders.

BY MR. HEWARD: Q. In other words, you are referring to the equity, common and preferred?

A. Exactly. The earnings are the earnings applicable to that capital.

Q. I note that the statement shows that the wages paid declined in the second period as compared with the first period by 10.14 per cent ?

A. Yes.

Q. And you also show that the reduction in the hours worked amounted to 10.74 per cent ?

A. Yes.

Q. So that it is a fair deduction, is it not, that the decrease in the hours worked had a good deal to do with the fact that the total amount of wages paid in the second period were a good deal less than those paid in the first ? A. Yes.

Q. I notice that the percentage of decline in wages paid and in the hours worked is approximately the same ? A. Yes, approximately.

Q. The percentage of decline in the wages paid, and the percentage of decline in the hours worked, that would appear to indicate that there was no real decline in the rate of wages, but this cannot be the case because we know there was a

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Q. Now, according to my understanding,

A. Yes, according to my understanding.

Q. There is, of course, no doubt as to whether they

A. Yes, there is no doubt as to whether they

Q. This for the invested capital, for the money owed to

A. the company's bondholders.

Q. By Mr. Brydie: 2. In other words, you are

A. referring to the equity, common and preferred?

Q. Exactly. The earnings are the earnings ap-
plicable to the equity.

Q. I note that the statement says that the

A. earnings were included in the second period as com-

pared with the first period by 10.14 per cent?

Q. And you also show that the reduction in

A. the hours worked amounted to 10.74 per cent?

Q. Yes.

Q. So that it is a reduction, is it not?

A. That the decrease in the hours worked had a good

deal to do with the fact that the total amount of

work paid in the second period was a good deal

less than those paid in the first? A. Yes.

Q. I notice that the percentage of decline

A. in wages paid and in the hours worked is approxi-

mately the same? A. Yes, approximately.

Q. The percentage of decline in the wages

A. paid and the percentage of decline in the hours

worked, that is, the percentage of decline in the

hours worked, is the same, is it not?

A. Yes, it is the same.

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Glasco

reduction in April 1933, which was partially restored the following year. How do you account for the approximate equality in the two percentages?

5 A. A comparison of the two percentages in the manner which you have described would indicate that there had been no reduction. However, it must be borne in mind that there was a substantial reduction in the productivity of the mills, the busy-ness of the mills. In the second period the production was down, working forces were down, and consequently hours worked were down. But in a cotton mill when you reduce the working forces you do not lay off the higher priced men. You must continue to have foremen. Consequently 10 the proportion of these employees who are paid at a higher rate increases to the total. You will probably have the same number of foremen, the same number of master mechanics, and the same number of exceptionally skilled workmen, but in the aggregate 15 they will represent a greater proportion of the total mill wages. Consequently with working forces reduced the average wage of all mill employees tends to rise, and the rise which might be expected to occur can probably be considered to be offset by 20 the reduction which took place in the actual rate of wages paid. I think it is necessary to make that explanation because a comparison of these percentages without it might point to a wrong conclusion.

25 Q. I see that the average return on invested capital in the first five-year period was \$9.62.

30 A. Yes.

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...in 1911 ...
the following year. Now do you account for the
approximate equality in the two percentages?
A. A comparison of the two percentages in the manner
which you have described would indicate that there has
been no reduction. However, it must be borne in mind
that there was a substantial reduction in the produc-
tivity of the mills, the dryness of the mills.
In the mills under the investigation ...
...
down. But in a cotton mill when you reduce the
working forces you do not lay off the higher skilled
men. You must continue to have foremen. Skilled and
the proportion of these employees who are paid at a
higher rate increases to the total. You will pro-
bably have the same number of foremen, the same
number of master mechanics, or the same number of
exceptionally skilled workmen, but in the aggregate
they will represent a greater proportion of the total
mill wages. Consequently with working forces re-
duced the average wage of all mill employees tends
to rise, and the rise which might be expected to
occur can probably be considered to be offset by
the reduction which took place in the actual rate
of wages paid. I think it is necessary to make that
...
without it might point to a wrong conclusion.
...
...
capital in the first five-year period was \$9.68.
A. Yes.

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Q. In every \$100 of capital employed, whereas in the second five-year period this average return was reduced to \$4.84 in every \$100 of capital employed.

A. Yes.

5 Q. In other words, the average return was cut in half ? A. Approximately.

Q. And that is emphasized when you look at the comparison of earnings and dividends paid for the two periods, is it not ? A. Yes, the earnings in the first period totalled some \$9,031,251.55; dividends paid on preferred and common stock in the same period were \$6,809,863.75, resulting in the reinvestment of earnings of the difference, or \$2,221,387.80. In the second period, however, the picture is reversed, and the dividends paid, totalling \$7,091,710 exceeded the earnings by \$4,551,000, so that the dividends in excess of the earnings had the effect of reducing the invested capital by \$2,539,902.32.

20 Q. Do I understand that the figures in this statement referring to invested capital and earnings thereon include investments and revenue from those investments ? A. The invested capital shown here is the total invested capital of the shareholders of the company. It includes all the capital, including the capital applied to the investments which the company carried, in the same way that the earnings include revenue from all sources.

25 30 Q. So the picture you have presented gives the final picture from the point of view of the shareholders with all the items included ? A. Yes.

in the second five-year period this average return
reduced to 4.84 in every \$100 of capital employed
A. Yes.

2. In other words, the average return was

not in half? A. Approximately.

3. And that is explained when you look at

the comparison of earnings and dividends paid in
the two periods, is it not? A. Yes, the

earnings in the first period totalled some

\$9,031,821.85; dividends paid on preferred and common
stock in the same period were \$6,809,883.75,

resulting in the reinvestment of earnings of the

difference, or \$2,221,938.10. In the second period
however, the figure is reversed, and the dividends

paid, totalling \$7,091,710 exceeded the earnings by
\$4,521,000, so that the dividends in excess of the

earnings had the effect of reducing the invested

capital by \$4,520,908.85.

4. Do I understand that the figures in this

statement referring to invested capital and earnings
include the interest on the investment?

A. The invested capital and
here is the total invested capital of the share-

holders of the company. It includes all the capital
including the capital applied to the investment in

the company carried, in the same way that the earnings
include revenue from all sources.

5. So the picture you have presented gives the
final picture from the point of view of the share-

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Q. Investments and operating profits and everything ? A. Yes.

Q. The company has substantial investments in subsidiaries and in marketable securities, has it not ? A. Yes.

Q. In the second five-year period, due to the general business depression, did the value of those investments decrease ? A. Yes, there were substantial losses in the second period in the value of the company's investments.

Q. So the earnings which you have given us would be affected to some extent by losses to some extent on these investments, wouldn't they ? A. Yes.

Q. Can you tell us what would be the return per \$100 of capital invested, eliminating both from invested capital and earnings the amounts relating to investments ? A. I have calculated that, and the earnings in the first period per \$100 of invested capital invested in manufacturing operations would be \$9.10.

BY THE COMMISSIONER: Q. That is not on this Exhibit ? A. No, my lord, it is a comparative figure with the \$9.62 which appears there, which is the total revenue from all sources.

BY MR. McRUER: Q. Nine dollars and what ? A. \$9.10. In the second period the relative figure is \$4.63 as compared with \$4.34 from all sources.

BY MR. HEWARD: Q. So that while the result of the company's manufacturing was considerably less satisfactory from the shareholders' point of view,

4. Investments and operating expenses
everything? A. Yes.

The company has substantial investments
in the second year, and in the first year, but it
is not a substantial investment.

5. In the second year, the value of the
company has increased, and the value of the
investments has decreased? A. Yes, that is true.
Substantial losses in the second year in the
of the company's investments.

6. The company which you have mentioned
would be affected to some extent by losses to some
extent in the second year, but it is not a
substantial loss. A. Yes, that is true.

7. Can you tell me what would be the return
per \$100 of capital invested, all things being
equal, in the second year and comparing the return per
\$100 of capital invested in the first year? A. I have calculated
that, and the return in the first year of per \$100
of invested capital is 10.00, and the return in the second
year is 10.00.

8. That is not on this
basis? A. No, my lord, it is a comparative
figure with the 10.00 which appears there, which is
the total return from the company.

9. My lord, the 10.00 is the return from the
company, is it not? A. Yes, my lord, it is the return from the
company, and the 10.00 is the return from the company.

10. My lord, the 10.00 is the return from the
company, is it not? A. Yes, my lord, it is the return from the
company, and the 10.00 is the return from the company.

there was also a substantial decline in the revenue from its investments? A. Yes. I think it might help if I just stated what the revenue from investments was in each period. In the first five-year period the investment revenue was \$2,255,705.79.

Q. That is the revenue from investments in the first five years? A. In the first five years. In the second five years the revenue was \$2,475,109.83, less \$1,000,000 written off the company's surplus account, and as I have taken that loss into the earnings I have had to take it into account in making this calculation in order to be consistent.

MR. MORJER: I do not understand it.

BY THE COMMISSIONER: Q. How does that loss arise? A. It arises through depreciation in the market value of investments, and represented a direct write-off, my lord. The company simply wrote down its investments and was required to dip into its surplus account for \$1,000,000 to do that.

BY MR. MORJER: Q. But the earnings on investments for the period of five years amounted to \$2,475,109.83? A. Yes.

Q. That is the dividends received? A. Yes.

Q. There was capital losses on the capital because of the investment loss, of \$1,000,000? A. Yes.

Q. But the remainder paid its dividends?

A. Yes.

Q. You are taking the capital loss out.

There was also a substantial decline in the revenue from its investments. A. Yes. I think it might help if I just stated what the revenue from investments was in each period. In the first five-year period of the investment revenue was \$2,335,763.74. Q. That is the revenue from investments in the first five years? A. In the first five years. In the second five years the revenue was \$2,475,109.83, less \$1,000,000 written off the company's surplus account, and as I have taken that loss into the earnings I have had to take it into account in making this calculation in order to be correct.

Q. Now I do not understand it. BY THE COMMISSIONER: Q. Now does that loss arise? A. It arises through depreciation in the market value of investments, and represented a loss of \$1,000,000. Q. The loss was \$1,000,000? A. Yes. Q. It arose down the investments and was required to dip into its surplus account for \$1,000,000 to do that. BY MR. MURPHY: Q. But the earnings on investments for the period in question were \$2,475,109.83? A. Yes. Q. That is the dividend received? A. Yes. Q. But the remainder paid its dividends because of the investment loss, of \$1,000,000? A. Yes. Q. But the remainder paid its dividends? A. Yes. Q. You are taking the capital loss out.

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BY MR. HEWARD: Q. You take it off both sides? Will you explain that fully again? A. To be consistent I have set out here the earnings as shown by the statement with regard to them. The make-up will be shown by the statement which we shall file; that is a statement showing the earnings year by year for thirty years. In order to be consistent, in view of the fact that I have had to take into that statement of earnings the loss which occurred on investments, I have had to make the same calculation in this statement in order to show the true picture.

Q. That loss was taken out of surplus?

A. Taken out of surplus in one particular year.

MR. McRUER: It was not taken out of surplus. It was invested surplus.

MR. HEWARD: And we have treated that surplus as profits at one time, so we have to treat any deductions from it as losses.

MR. McRUER: Certainly on the whole, but not putting it on one period.

BY MR. HEWARD: Q. I understand, Mr. Glassco, that during the ten-year period concerned additional common stock was issued for cash, is that right?

A. Yes.

Q. How much? A. 45,000 no par value shares sold at \$75 a share, making \$3,375,000.

THE COMMISSIONER: When was that?

BY MR. McRUER: Q. When was that issued?

A. Between January and March, 1929, I think.

Q. So that for a little less than half of the

BY MR. HENRY: Q. You take it off both sides?
A. To do
Will you explain that fully again?
consistent I have set out here the earnings as shown
by the statement with regard to them. The make-up
will be shown by the statement which we shall file
that is a statement showing the earnings year by year
for thirty years. In order to be consistent, in
view of the fact that I have had to take into that
statement of earnings the loss which occurred on the
ventures, I have had to make the same calculation
in this statement in order to show the true picture.
Q. That loss was taken out of earnings?
A. Taken out of earnings in one particular year.
MR. HENRY: It was not taken out of earnings.
It was invested earnings.
MR. HENRY: And we have treated that earnings
as profits at one time, so we have to treat any
deduction from it as losses.
MR. HENRY: Certainly on the whole, but not
putting it on one period.
BY MR. HENRY: Q. I understand, Mr. Rost, that
that during the ten-year period concerned additional
common stock was issued for cash, is that right?
A. Yes.
Q. How much?
A. \$5,000 no par value.
shares sold at \$75 a share, making \$375,000.
MR. HENRY: When was that?
BY MR. HENRY: Q. When was that issued?
A. Between January and March, 1934, I think.
Q. No that for a little less than half of the

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first five-year period but for the whole of the second five-year period there was an additional cash investment by the shareholders of \$3,375,000?

A. Yes.

Q. And this again would affect the total amount of dividends paid in the second period, which was slightly higher than the total amount of dividends paid in the first period, notwithstanding that there was a cut in the common dividend rate during sixteen months of the second period. A. Yes.

MR. HEWARD: Now my lord I am going to pass to another Exhibit which will take some time to discuss, and perhaps Your Lordship would like to take an intermission now.

THE COMMISSIONER: Yes.

-- The Commission adjourned for a short recess.

(Page 13735 follows)

1933

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first five-year period but for the whole of the second five-year period there was an additional cash investment by the shareholders of \$5,875,000.

Yes.

and this again would affect the total amount of dividends paid in the second period, was slightly higher than the total amount of dividends paid in the first period, notwithstanding there was a cut in the common dividend rate (and a cut in the preferred dividend rate) in the second period.

Now my Lord I am going to pass to another subject which will take some time to discuss, and perhaps Your Lordship would like to take an interval on now.

Yes, my Lord.

-- The Commission adjourned for a short recess.

(page 1973 follows)

-- After Recess:

THE COMMISSIONER: Now, you have another Exhibit, I understand.

MR. HEWARD: Yes, my lord.

THE COMMISSIONER: It is No. 1232.

EXHIBIT 1232: Statements as to invested capital and earnings 1905 - 1936.

MR. HEWARD: Q. Now, Mr. Glasco, the Commission Auditor, Mr. Howson, produced a statement, Exhibit 917- that is this big exhibit containing financial statements. On page 7 of that Exhibit there appears an amount paid in on common stock of \$6,375,000, and then numerous figures which resulted in what the Commission Auditor called "Approximate Profits Earned during the Period on Common Stock," Approximate Profits of \$49,552,000, odd.?

A. Yes.

Q. Mr. Geoffrion cross-examined Mr. Howson on that statement and I asked you to prepare for the Commission a statement showing from 1905 up to the end of March, 1936, the actual capital invested by the proprietors or shareholders of Dominion Textile Company, Limited. Have you done so?

A. Yes.

MR. McRUER: You say "Actual capital" or "Calculated capital?"

MR. HEWARD: I asked him to prepare a statement showing the actual capital.

Q. Will you produce that Exhibit?

A. Yes.

Q. Now, I want you to start off first with page 1

THE COURT:

THE COURT: Now, you have another exhibit?

THE COURT:

THE COURT: It is No. 1535.

THE COURT: It is No. 1535.

THE COURT: Statements as to invested capital and earnings 1935 - 1936.

THE COURT: Now, Mr. Howson, the statement.

THE COURT: Now, Mr. Howson, produced a statement, Exhibit 15.

THE COURT: That is this big exhibit containing financial statements.

THE COURT: On page 7 of that Exhibit there appears a

THE COURT: amount paid in on common stock of \$8,375,000, and the

THE COURT: numerous figures which resulted in what the Commission

THE COURT: authorized "approximate profits earned during the

THE COURT: period on common stock." Approximate profits of

THE COURT: \$1,000,000.

THE COURT: Mr. Geoffrey cross-examined Mr. Howson on the

THE COURT: statement and I asked you to produce the statement.

THE COURT: A statement showing from 1935 up to the end of 1936.

THE COURT: Now, the actual capital invested in the corporation

THE COURT: or shareholders of Dominion Textile Company, Limited.

THE COURT: Have you done so?

THE COURT: You say "actual capital" or "calculated

THE COURT:

THE COURT: I asked him to prepare a statement

THE COURT:

THE COURT: Will you produce that Exhibit?

THE COURT: Now, I want you to start off first with page

which deals with the transaction in 1905 and thereafter
and state wjust what happened? A. The first step

in the capitalization of the company is not referred to
here because it is, I think, not entirely contentious

5 but I might refer to it and that is, subscription by
shareholders for half a million dollars of preferred
stock which was paid for in cash. That was the

first transaction which occurred. The second tran-

saction related to the acquisition by the Company of

10 the majority of the shares of the four predecessor

companies which are referred to as the constituent
companies. I have examined a copy of an extract from

the Minutes of the meeting of the shareholders of the

15 Dominion Textile Company Limited, held the 27th of

January, 1905. I believe that extract has been

filed as an exhibit with the Commission.

MR. McRUER: What number?

MR. HEWARD: It was filed back in June, my lord,

20 in Montreal.

MR. McRUER: What is the date of the meeting?

MR. HEWARD: The 27th of January, 1905.

Q. Now, that contained a resolution of the
25 Directors in regard to a purchase - what was it?

A. Resolution of the shareholders confirming a trans-
action whereby the Company acquired certain assets and
paid for these assets a certain consideration. The

30 assets which the Company acquired were the majority
of the shares of each of the four constituent companies

which deals with the transaction in 1908 and carried
 and state what happened?
 in the capitalization of the company is not referred
 here because it is, I think, not entirely correct
 but might refer to it and that is, subscription by
 shareholders for \$1.1 million dollars of preference
 stock which was paid for in cash. That was the
 first transaction which occurred. The second trans-
 action related to the acquisition by the company of
 the majority of the shares of the four predecessor
 companies which are referred to as the constituent
 companies. I have examined a copy of an extract of
 the minutes of the meeting of the shareholders of the
 Dominion Textile Company Limited, held on the 7th of
 January, 1908. I believe that extract has been
 filed as an exhibit with the Commission.
 It was filed back in June, my lord.
 It is the case of the meeting?
 Yes, that contained a resolution of the
 directors in regard to a purchase - what was it?
 A resolution of the shareholders confirming a trans-
 action whereby the company acquired certain assets
 of the former of the four predecessor companies.

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and \$500,000 in cash. The consideration which the Companies paid for these assets were bonds, preferred stock and common stock of the Dominion Textile Co. Limited.

5 Q. Now, with respect ---

THE COMMISSIONER: Q. This is at the time when the shareholders were composed of five or six people, maybe a little more? A. There is a list of them here. Would you like to refer to them?

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Q. How many of them are there?

MR. McRUER: Well, there was a syndicate organized composed of six or seven people, and this Syndicate agreed together that they would incorporate the Dominion Textile Company, and then they would sell the shares of these constituent companies, for the issue of certain securities in varying amounts to the shareholders, depending on which company's shares the shareholder was selling. For instance, Colonial Bleaching I think they got 166½ per cent. in bonds and preferred stock. The Merchants got 85½ per cent.

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MR. HEWARD: I do not think that is correct.

MR. McRUER: It is correct.

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MR. HEWARD: I think my friend is mistaken here. Perhaps if we can develop it he can cross-examine on that basis.

MR. McRUER: His Lordship just asked a question that you were not answering.

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THE COMMISSIONER: I did. You referred to a

The consideration which the
Companies paid for these assets were bonds, preferred
stock and common stock of the Dominion Textile Co.

--- and respect ---

This is at the time when
shareholders were composed of five or six people,
maybe a little more? A. There is a list of

here. Would you like to refer to them?

How many of them are there?

Mr. HODGINS: Well, there was a syndicate which
composed of six or seven people, and this syndicate
agreed together that they would incorporate the

the shares of these constituent companies, for the
issue of certain securities in varying amounts to

the shareholders, depending on which company's share
the shareholder was selling. For instance, Colonial
Bleaching I think they got 100 per cent, in bonds

and preferred stock. The Merchants got 50 per cent
Mr. HODGINS: I do not think that is correct.
Mr. HODGINS: It is correct.

Mr. HODGINS: I think my friend is mistaken here
perhaps if we can develop it we can cross-examine

the fact that
the fact that
the fact that

meeting of the shareholders of the Dominion Textile Company. The question I asked - that meeting was held when the shareholders was composed of these six or seven.

MR. HEWARD: I think there was more than that.

5 THE WITNESS: Approximately 18.

Q. Now, with respect to the \$500,000 of cash which the Company received with the other assets, shares and bonds of the constituent companies, is it possible to allocate the cash received against any part of the consideration paid by the companies? A. No, not from this agreement. This agreement, I think is important because it is the starting point from the Company's point of view and it is the transaction by which the company became possessed in effect of the assets of these constituent companies. It was a transaction whereby the company received shares and cash and paid bonds, preferred shares and common stock. There is no allocation of any portion of what is received against any portion of what it paid.

Q. It paid that to the Royal Trust Company who distributed part of it to the old shareholders and part of it to the Syndicate, is that right? A. Would you repeat that question?

Q. It paid these bonds and shares and preferred stock of Dominion Textile Company to or to the order of the Royal Trust Company who distributed them partly to the old shareholders and partly to the Syndicate, is that right? A. I believe so.

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meeting of the shareholders of the Dominion Textile Company. The question I asked - that meeting was held when the shareholders was composed of these six or seven. I think there were more than that.

... I think there were more than that. ... which the Company received with the ... and bonds of the constituent companies, is it possible to allocate the cash received against any part of the consideration paid by the companies? ... No, not

from this agreement. This agreement, I think is in ... because it is the starting point from the company's ... company became possessed in effect of the assets of these constituent companies. It was a transaction whereby the company received shares and cash and bonds, preferred shares and common stock. There is no allocation of any portion of what is received at

... It is said that to the Royal Trust Company who distributed ... part of it to the syndicate, is that right? ... It said these bonds and shares and preferred

stock of Dominion Textile Company to or to the order of the Royal Trust Company who distributed them ... to the shareholders and partly to the syndicate ... A. I believe so.

THE COMMISSIONER: By the Syndicate you mean those who invested the half million dollars?

MR. HEWARD: Those who invested a million dollars, my lord.

5 THE COMMISSIONER: We heard one of them in Montreal give us his own experience throughout, Sir Herbert Holt.

MR. HEWARD: Q. Now, will you tell us particularly what the Company received and what it gave and what it paid?

10 A. That is shown by the statement on page 1, first of all what it paid, and in order to deal with the complete transaction I have included in this statement the amounts subsequently paid to the minority shareholders who were subsequently bought out and that includes a premium paid to such minority shareholders of \$177,109.91. So that taking the transaction as a whole, including the subsequent transaction with the minority shareholders, the company issued bonds to a total of \$3,058,400, preferred shares of a par value, \$1,440,400, and common shares of a par value of \$5,000,000, a total of \$9,498,800 in various securities, both bonds and capital. The Company later also paid cash as a premium to minority shareholders of \$177,109.91, making the total cost to the Company of acquisition \$9,675,909.91. The Company received for the above the following tangible assets- First, cash \$500,000. Secondly, shares of constituent companies representing the following assets

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THE COMMISSIONER: By the syndicate you

those who invested the half million dollars?

MR. HARRIS: Those who invested a million dollars

THE COMMISSIONER: We heard one of them in New York give us his own experience throughout, Mr. Herbert

MR. HARRIS: Now, will you tell us precisely

what the Company received and what it gave and what it paid? That is shown by the statement

on page 1, first of all what it paid, and in order

deal with the complete transaction I have included

in this statement the amounts subsequently paid to

minority shareholders who were subsequently bought

and that includes a premium paid to such minority

shareholders of \$177,100.00. So that taking the

transaction as a whole, including the subsequent

transaction with the minority shareholders, the cost

issued bonds to a total of \$3,000,000, preferred at

of a par value, \$1,440,000, and common shares of a

value of \$1,560,000, a total of \$3,000,000.

The Company's assets, both bonds and capital.

later also paid cash as a premium to minority share

holders of \$177,100.00, making the total cost to the

Company of acquisition \$3,177,100.00. The Company

received for the above the following tangible assets

First, cash \$500,000. Secondly, shares of com-

pany representing the following assets

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net assets, land, buildings, plant and machinery,
\$10,892,706.17. Less--Liabilities assumed, bonded
indebtedness, \$4,013,666, and a deficit of working
capital \$108,414.45, which deducted from the land,
5 buildings and plant left net assets of the constituent
companies of \$6,770,631.72. So that adding to that
amount the \$500,000 of cash, the total tangible assets
received by the Dominion Textile Company Limited,
amounted to \$7,270,631.72. Now, in order to arrive
10 at the amount of those tangible assets which may be
said to have been received by the Company in respect
of the common stock issued by it, we deduct the total
consideration paid other than the common stock, which
15 consisted of the bonds, the preferred shares and the
\$177,000, cash premium, which totals \$4,675,909.91,
leaving a balance representing net tangible assets
received in respect of \$5,000,000 par value of common
stock issued, \$2,594,721.81.

20 Q. Now, this statement on page 1, shows the
total effect of the transaction whereby the Dominion
Textile Company Limited acquired all the outstanding
share capital of the constituent companies including
25 minority interest which was acquired later --
is that right? A. Yes, and \$500,000 of cash,
and this is exclusive of the first transaction which
was another \$500,000 cash subscribed for preferred
30 shares.

Q. Yes, you have explained that transaction.

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That is a separate transaction? A. Yes, that is not reflected in this.

Q. Now, what basis have you adopted in following the shares of the constituent companies for the purpose of showing what Dominion Textile Company Limited received? A. I have taken the book value of those assets as they stood upon the books of the constituent companies.

Q. In 1905? A. In 1905, at the time of the transactions.

Q. Now, do you consider that the book value represents the real net value? A. Well, I

cannot say what the real value of those assets was but I have no reason to dispute the value appearing in the books of the constituent companies.

THE COMMISSIONER: Q. That is, you just took those values? A. The only information so far as I know that is available as to what the assets were worth.

MR. McRUER: The price they acquired them at might be some guide.

MR. HEWARD: Q. Has the earning record of the Dominion Textile Company Limited immediately subsequent to its formation any bearing on the value of those assets or what they might be? A. The earnings of the Company immediately following the acquisition of those assets would certainly indicate that there was a substantial value behind those properties, and possibly a value greater than was shown by the books

That is a separate transaction?
A. Yes, that is not reflected in this.
Q. Now, what basis have you adopted in following the shares of the constituent companies for the purpose of showing what Dominion Textile Company Limited received?
A. I have taken the book value of those assets as they stood upon the books of the constituent companies.
Q. In 1933?
A. In 1933, at the time of the transactions.
Q. Now, do you consider that the book value represents the real net value?
A. Well, I cannot say that the real value of those assets was not I have no reason to dispute the value appearing in the books of the constituent companies.
THE COMMISSIONER: Q. That is, you just took the value?
A. The only information so far as I know that is available as to what the assets were worth.
MR. MONAGHAN: The prices they acquired them at might be some guide.
Q. Now, what basis have you adopted in following the shares of the constituent companies for the purpose of showing what Dominion Textile Company Limited received?
A. I have taken the book value of those assets as they stood upon the books of the constituent companies.
Q. In 1933?
A. In 1933, at the time of the transactions.
Q. Now, do you consider that the book value represents the real net value?
A. Well, I cannot say that the real value of those assets was not I have no reason to dispute the value appearing in the books of the constituent companies.
THE COMMISSIONER: Q. That is, you just took the value?
A. The only information so far as I know that is available as to what the assets were worth.
MR. MONAGHAN: The prices they acquired them at might be some guide.

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of the constituent companies. Very difficult to say exactly. There is no suggestion of under-valuation apparent from the earnings.

5 Q. Of under-valuation or over-valuation? A. Either both.

THE COMMISSIONER: Q. You say there is no indication of what? A. My point is that the earnings of the Company immediately following the acquisition of these assets were considerable, they would indicate 10 that the assets had a value equivalent to that at which they appeared on the books of the constituent companies.

Q. Would you say at least? A. At least equivalent.

15 MR. McRUER: That may have been due to the effect of the operations of the tariff that they could get higher prices for their goods.

MR. HEWARD: We have no evidence that there was 20 any change in the tariff at that time.

MR. McRUER: Yes, but---

MR. BALLANTYNE: We have evidence that there was no change.

25 MR. HEWARD: Q. Now, the Commission Auditor in his evidence suggested that those assets were worth less than their book values because the Syndicate purchased the shares of the constituent companies at less than their book values - what have you to say 30 about that?

THE COMMISSIONER: Did he say that?

of the constituent companies. Very difficult to
 exactly. There is no suggestion of an over-valuation
 apparent from the returns.

.. Of over-valuation or over-valuation
 ..

.. For any reason is no limit
 .. My point is that the return

of the company immediately following the liquidation
 of these assets were considerable, they would indicate

that the assets had a value equivalent to what at
 they appeared on the books of the constituent company

.. Would you say so?
 ..

.. That any have been due to the effect
 of the operations of the tariff that they could get

..
 ..

.. We have no evidence that there was
 any change in the tariff at that time.

.. Yes, but--
 .. We have evidence that there was

.. no change.
 .. Now, the Commission Auditor is

.. evidence suggested that these assets were worth
 less than their book value because the liquidation

.. the assets of the constituent companies
 at less than their book value - what have you to

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MR. McRUER: He never made any such suggestion. He was giving evidence under the terms of the Order in Council to show what profit you had made on what you bought them for.

5 THE COMMISSIONER: Would you repeat your statement again?

MR. HEWARD: Yes.

10 Q. One of the reasons why Mr. Howson ignored the net value of the assets as shown on the books of the constituent companies was because the syndicate which was interposed between the new company and the constituent companies bought those assets for less than their book value. I understood him to say that to Mr. Geoffrion? A. I understand the syndicate bought the shares.

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Q. I mean about the shares which represented those assets.

20 THE COMMISSIONER: At less than their book value.

MR. HEWARD: Q. At less than their book value. What have ~~te~~ you to say to that suggestion? If Mr. Howson did not make it Mr. McRuer made it.

25 THE COMMISSIONER: If they bought at less than their book value, it is a matter of looking at the book. I thought it was a question of what was estimated to be their real value.

MR. HEWARD: I think perhaps I had not made myself clear.

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Q. As I understand it, Mr. Howson suggested one of the reasons why he should eliminate the net

Mr. Mowbray: He never made any such suggestion.
 He was giving evidence under the terms of the Order
 in Council to show what profit you had made on what
 you bought them for.
 THE COMMISSIONER: Would you repeat your statement
 again?
 One of the reasons why Mr. Mowbray ignored the
 net value of the assets as shown on the books of the
 constituent companies was because the syndicate which
 was interposed between the new company and the
 constituent companies bought these assets for less
 than their book value. I understood him to say that
 to Mr. Gordon?
 A. I understood the syndicate
 bought the shares.
 I mean about the shares which represented the
 THE COMMISSIONER: At least their book value.
 MR. MOWBRAY: At least their book value.
 That have to you to say to that suggestion? If Mr.
 THE COMMISSIONER: If they bought at less than
 their book value, it is a matter of looking at the
 estimated to be their real value.
 I think perhaps I had not understood
 as I understood it.

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worth of the constituent companies as lying behind the shares of the Dominion Textile Company when these constituent companies were acquired was that the Syndicate had bought the shares representing the assets of the constituent companies for an amount less than their net worth as shown by the book of those constituent companies, and I am asking Mr. Glassco what he has to say in that regard, in regard to that contention.

THE COMMISSIONER: The contention being that the Syndicate paid less for the shares as to their value shown by the book of the old company.

MR. HEWARD: Yes, and therefore Mr. Howson ---

THE COMMISSIONER: Never mind, divide it into two, that is first statement. That is a statement that ought to be very easily ascertainable.

MR. HEWARD: That is admitted that the Syndicate did pay less for them than their book value.

THE COMMISSIONER: It is there in figures and you cannot deny it and what is the conclusion?

MR. HEWARD: The conclusion that Mr. Howson drew because they paid less for the shares than the value of the assets behind them, that the real value of the assets behind the shares was less than their book value and therefore the book value should be ignored in considering what the Dominion Textile Company got when they acquired these shares from the Syndicate.

worth of the constituent companies as lying behind the
shares of the Dominion Textile Company when these
companies had paid less for the shares as to their value
of the constituent companies for an amount less than
their net worth as shown by the book of these con-
stituent companies, and I am asking Mr. Giesse what
he has to say in that regard, in regard to that
contention.

MR. GIESSE: The contention being that the
companies paid less for the shares as to their value
than by the book of the old company.

MR. GIESSE: Yes, and therefore Mr. Giesse is
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ought to be very easily ascertainable.

MR. GIESSE: That is admitted that the book
did pay less for them than their book value.

MR. GIESSE: It is there in figures and
cannot deny it and what is the conclusion?

MR. GIESSE: The conclusion that Mr. Giesse
gives because they paid less for the shares than the
value of the assets behind them, that the real value
of the assets behind the shares was less than their
book value and therefore the book value should be
reduced in consequence that the Dominion Textile
Company got when they acquired these shares from

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THE COMMISSIONER: You want to go on on a different basis?

MR. HEWARD: I am asking what Mr. Glasco has to say to that argument.

5 THE WITNESS: Well, what we are considering here, what we are trying to determine---

THE COMMISSIONER: The whole thing depends on what you are trying to determine.

10 MR. HEWARD: We are trying to determine what the Company got for consideration for the shares issued.

MR. McRUER: Well, for the purpose of argument that is all right; I disagree with you.

15 THE COMMISSIONER: It depends on what you want to determine. If you want to determine one thing you point to the fact that the company paid less for the shares than their worth, and therefore you conclude such a thing, and if you want to conclude some other thing---

20 MR. McRUER: What my friend is doing.

THE COMMISSIONER: ---you say they are worth more than they were bought for and therefore you arrive at something else.

25 MR. McRUER: What my friend is doing is quite all right from his point of view. He says - It is true the syndicate paid less for these than shown on the books. I say they are worth as much as
30 as shown on the books and therefore I want to carry that into the capital of the new company and calculate

THE COMMISSIONER: You want to go on on a little

MR. MURPHY: I am asking what Mr. Macdonald has to

say to that argument.

What we are trying to determine--

THE COMMISSIONER: The whole thing depends on what

you are trying to determine.

MR. MURPHY: We are trying to determine what the

company got for consideration for the shares issued.

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MR. MURPHY: What my friend is doing.

THE COMMISSIONER: --you say they are worth more

than they were bought for and therefore you arrive

at something else.

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all right from his point of view. He says - It is

true the syndicate paid less for these than shown

on the books. I say they are worth as much as

the books on the books and therefore I want to carry

that over the books on the books and therefore I want to carry

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earnings on the basis of that capital invested.

THE COMMISSIONER: Mr. Heward says it is not what the Syndicate got them for.

5 MR. HEWARD: Q. What do you say to the argument with which I am met now and we were met before that because the Syndicate paid less for them than the book value they must have been worth less than the book value? A. Well, I do not think the price at
10 which the sellers of these shares were willing to sell them has necessarily any bearing on the value of the assets which were actually acquired through the ownership of these shares. It is a question of
15 argument, as my lord has just put it, in attempting to find out what the company got the only evidence we have as to the value of the assets before it started business are the values which appeared in the books of the constituent companies.

20 MR. McRUER: I entirely disagree with that but I will not argue about it now.

THE COMMISSIONER: It seems to me on the one side you are saying that the Company got certain
25 real assets worth a great deal as is shown by the profits made out of them. On the other side we are told that those who invested so much money got a lot of profits out of them too. There are two different things.

30 MR. McRUER: All I am interested in is what the consumer has paid and where his money has gone, that

earnings on the basis of that capital invested.

THE CHAIRMAN: Mr. Howard says it is not

the syndicate got them for.

MR. HOWARD: What do you say to the argument

with which I am met now and we were met before that

because the syndicate paid less for them than the

value they must have been worth less than the book

value? A. Well, I do not think the price at

which the sellers of these shares were willing to

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to find out what the company got the only evidence

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of the constituent companies.

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THE CHAIRMAN: It seems to me on the one

side you are saying that the company got certain

real assets worth a great deal as is shown by the

profits made out of them. On the other side

are told that those who invested so much money got

a lot of profits out of them too. There are two

different things.

MR. McLEOD: All I am suggesting is that

the company has got more than it paid for the assets

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is all.

MR. HEWARD: Now, Mr. Howson also explained to Mr. Geoffrion that he had ignored the book values of the assets of the constituent companies because the Dominion Textile Company had subsequently written down those values. Now, what have you to say to that?

A. I do not think that Mr. Howson had the whole picture. I started off with the statement which was furnished to him and in order to understand the bookkeeping entries, which were not entirely consistent, I had to go back to the companies' records themselves, and I find that that write-off to which Mr. Howson referred was a reduction in the value of the good-will account and not a reduction in the book value of the Companies' assets themselves. I believe I can satisfy Mr. Howson about that, possibly during the lunch-hour.

Q. Now, Mr. Howson referred there I think to a reduction in the book values which he thought had taken place about 1916 or 1917, is not that right?

A. Yes, I think the entry referred to was in 1917 but it was not actually a reduction or write-off of those book values. In fact the only adjustments which have been made have been upward adjustments which will be referred to in the following statement, one of 1920 and 1923.

Q. Now, will you take the next page of the Statement, that is page 2. This is a statement headed "Statement

MR. HEALD: Now, Mr. Howson also explained to
 Mr. Howson that he had ignored the book values of
 the assets of the constituent companies because the
 Dominion Trust Co. had subsequently written off
 these values. Now, what have you to say to that?
 A. I do not think that Mr. Howson had the whole picture
 I started off with the statement which was furnished
 to him and in order to understand the bookkeeping
 entries, which were not entirely consistent, I had
 to go back to the companies' records themselves, and
 I find that that write-off to which Mr. Howson referred
 was a reduction in the value of the good-will account
 and not a reduction in the book value of the companies
 assets themselves. I believe I can satisfy Mr. Howson
 about that, possibly during the lunch-hour.
 A. Now, Mr. Howson referred there I think to a
 reduction in the book values which he thought had
 taken place about 1916 or 1917, is not that right?
 A. Yes, I think the entry referred to was in 1917
 but it was not actually a reduction or write-off of
 these book values. In fact the only adjustment
 which have been made have been upward adjustments
 will be referred to in the following statement, one
 of 1920 and 1921.
 A. Now, will you take the next page of the statement
 This is a statement needed

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showing annual earnings on invested capital and adjustments thereto, taken from the Company's record?

A. Yes.

5 Q. And I note it covers 31 years from 1906 to 1936, both inclusive? A. Yes.

10 Q. Now, will you explain, please, to the Commission exactly what this statement consists of? A. In the first column are shown the net earnings year by year available for dividends. That is, the earnings from all sources after the deduction of bond interest and income taxes.

15 THE COMMISSIONER: Q. Do you also mean which was actually paid out? A. No, my lord. The second column represents the adjustments which were made year by year in the free reserves. In other words, the first entry appearing in that column, \$500,000 in 1911, means that a reserve was created out of profits in 1911, consequently in order to get the adjusted earnings before taking into account any adjustment made by the Company for free reserve, we added back, and in the last column we have the earnings before any entries had been made in respect of those reserves. In other words, we are reversing.

25 Q. When you say the last column, that is the left hand column? A. The right hand column, "Adjusted earnings." The first column is the earnings as shown by the Company's statement after having made certain adjustments through its free reserve account.

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... and I note it covers 31 years from 1883 to 1913

both inclusive? A. Yes.

Now, will you explain, please, to the Committee exactly what this statement consists of? A. In the

first column are shown the net earnings year by year

from all sources after the deduction of board interest

THE COMMITTEE: Do you also mean which was

actually paid out? A. No, my lord. The second

year by year in the free reserves, in other words,

the first entry appearing in that column, \$500,000

in 1911, means that a reserve was created out of

profits in 1911, consequently in order to get the

adjusted earnings before taking into account any

statement made by the Company for free reserves, we

added back, and in the last column we have the earnings

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In order to show position before any such adjustments were made, we, in effect, reversed all entries made year by year and arrived at figure which we call "Adjusted earnings," being earnings before any adjustment in respect of free reserve. The reserve record is there. The largest of them is the raw cotton reserve and as the raw cotton reserve varied in certain years the profits were greater or less by the amount which the reserve varied by. Consequently, in order to get the picture before any such adjustment, we had to reverse those against the earnings as shown to get the first picture, the picture before any adjustment. When we come to the next statement showing the Invested Capital I think that perhaps will be a little clearer. The third column, which contains only two amounts, losses charged to surplus, which do not appear in the earnings available for dividends but were charged in 1933 and 1934 to the Surplus Account or ---

MR. McRUER: Q. Well, the two losses are ear-marked?

A. Yes.

Q. One is a transfer of \$1,000,000 to Investment Account, and the other is the loss on the Kingston plant?

A. Yes.

MR. HEWARD: Was not a transfer to investment account was a write-down.

THE WITNESS: It is a provision for loss on investment. It is a loss I think.

MR. McRUER: Yes, but the transfer was from Surplus

In order to show position before any such adjustment
 however, we, in effect, reversed all entries made
 by year and arrived at figure which we call "adjusted"
 earnings," being earnings before any adjustment in
 respect of these reserves. The reserve record is

there. The largest of them is the new cotton reserve
 and as the new cotton reserve varied in certain years
 the profits were greater or less by the amount and
 the reserve was adjusted.

But the picture before any such adjustment, we had
 to reverse those against the earnings as shown to
 the first picture, the picture before any adjustment
 then we come to the next statement and find the

Capital I think that perhaps will be a little clear
 The third column, which contains only two amounts,
 losses charged to surplus, which do not appear in
 the first column.

1903 and 1904 to the Surplus Account or ---
 Mr. Brydier: A. well, the two losses are

... One is a transfer of \$1,000,000 to the

Account, and the other is the loss on the

Mr. Brydier: Was not a transfer to investment

Mr. Brydier: It is a provision for loss on

Mr. Brydier: The loss was from

Account to investment to take up the loss that occurred in the Investment Account? A. Yes. It is a loss, quite.

THE COMMISSIONER: Q. What is the \$160,000?

5 A. It is a loss - it is really an adjustment in respect of depreciation on Kingston Plant, my lord, which appeared as a separate item in the surplus account in the year 1934. The only reason they are shown here is so that the total profit for 30 years will be all inclusive.

10 MR. HEWARD: Q. So that the last column shows that the earnings, after making these adjustments, totalled for the 31-year period \$32,882,118.83? A. Yes.

15 Q. Now, why do you take into account the variation in the reserve by years? A. Well, they have been described as free reserves and as part of the Profits. In Mr. Howson's statement he added them to the dividends in determining what the profits of the Company were. I do not entirely agree as to whether they are all in effect free reserves but there is not very much involved, consequently, in order to be consistent with the evidence which has already been given, I have dealt with them as being in effect additions to profit and consequently I produce a figure for the annual profits which is not in any way affected by the entries which were made in respect of those reserves.

20 25 30 Q. Now, the next statement is on page 3 and it is

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Account to investment to take up the loss that occurred in the Investment Account? A. Yes. It is a

loss, quite.

A. It is a loss - it is really an adjustment in regard of depreciation on Kingston Plant, my lord, which appeared as a separate item in the surplus account in the year 1934. The only reason they are shown here

is so that the total profit for 30 years will be all inclusive.

MR. HOWSON: So that the last column shows that

for the 31-year period \$3,832,112.83? A. Yes.

A. Now, why do you take into account the variation

in the reserve by years? A. Well, they have

been described as free reserves and as part of the

Profits. In Mr. Howson's statement he added them

to the dividends in determining what the profits

of the Company were. I do not entirely agree as

to whether they are all in effect free reserves but

there is not very much involved, consequently, in

order to be consistent with the evidence which has

already been given, I have dealt with them as being

in effect additions to profit and consequently I put

a figure for the annual profits which is not in any

way affected by the entries which were made in these

the same manner.

A. Now, the next statement is on page 3 and it

headed "Statement as to invested capital and earnings thereon as taken from the books of the Company and the answers to the questionnaire and adjusted to eliminate consideration for common shares not represented by tangible assets." Will you please

explain that statement? A. The purpose of this statement is to show year by year the total invested capital and to relate to that the earnings as adjusted on page 2. In the last column the relation of those two amounts is expressed as a percentage which we call "Ratio of earnings to invested capital."

The make-up of the total invested capital is shown in detail in the first columns on the left hand side of the statement. In the first column we have the par value of the "Preferred shares issued". In the second column we take in what we call "The tangible consideration" for the common shares, and if you will refer to page 1 you will see that the first amount in that column I have, \$2,594,721.81 is the balance of the tangible assets acquired in respect of the 1905 transaction applicable to the common shares. As there is no change in that column until 1923, when additional common shares were issued for cash and similar increase resulting from further cash sales of common shares in 1929.

Q. Now, the next column is headed "Accumulated surplus?" A. That is simply the balance of the accumulated surplus as shown by the company's books.

of statement as to invested capital and surplus
the sum as taken from the books of the Company and
the answer to the question and adjusted to
eliminate consideration for common shares not
represented by tangible assets.
A. The purpose of
statement is to show year by year the total invested
capital and to relate to that the same as adjusted
on page 2. In the last column the relation of
those two amounts is expressed as a percentage
which we call "Ratio of earnings to invested capital."
The make-up of the total invested capital is shown
in detail in the first column on the left hand side
of the statement. In the first column we have the
per value of the "Preferred shares" listed. In the
second column we take in what we call "The tangible
consideration" for the common shares, and if you
add them together you will find the total
amount in that column I have, \$2,334,741.61 is the
balance of the tangible assets acquired in respect
the 1933 reorganization. In the last column we
show the total invested capital as shown on page 2.
and the relation between the two figures is
shown in the last column as a percentage.
A. What is the purpose of the statement?

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Q. Each year? A. Each year.

Q. And the next column is headed "Reserves"?

A. Yes, these are the so-called free reserves.

5 THE COMMISSIONER: Q. Those are the same reserves already referred to? A. Yes, of which the largest is raw cotton reserve.

10 MR. HEWARD: Q. I think you have explained you do not necessarily agree they are all free but you put them in to be consistent with the evidence already given? A. Yes. In other words, we have said they were created out of profits and re-invested profits and therefore we have added them into our equity each year.

15 THE COMMISSIONER: Q. What is opposite to being free reserves? A. Well, they would be acquired reserve for a known loss, ear-marked reserves.

20 MR. HEWARD: Q. Now, the figures shown in the next column are the total of those contained in the preceding four columns? A. Yes.

Q. That is, total capital invested? A. Yes, sir.

Q. And then what does the next column show?

25 A. The next column are earnings which I have already explained. The make-up of them appear on page 2, with the adjustments in respect of those reserves. The only column which is susceptible of being totalled, statement of this sort, is the earnings which are shown for the 31 years to amount to \$32,882,118.83, but in order to get a picture of the relations of the

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"across" based entirely on the fact that

... Yes, these are the so-called free reserves.

1. The first part of the report is a general statement of the purpose of the study.

My belief is over my mind I ...

THE COMMISSIONER: What is opposite to being

Transverse

THEY ARE THE ONLY TWO IN THE WORLD.

.. The next column are earnings which I have already

earnings as a total to the invested capital we have averaged the invested capital for the whole period and that is shown at the bottom of the statement to be - \$11,635,869.48. Upon it the Company has made
5 average annual profit of \$1,060,713.51, or 9.12%.

Q. That 9.12 is the average ratio of the net earnings to the invested capital over this period of 31 years, is that right? A. Yes.

10 THE COMMISSIONER: Q. I understand you to use the words Profits and Earnings before as meaning the same thing? A. Yes, my lord.

MR. HEWARD: Q. That does not mean dividends?
A. No.

15 Q. So that the net earnings of the Company averaged 9.12% upon the invested capital throughout the 31 years? A. Yes.

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20 -- The Commission adjourned at 12.30 P.M. to resume at 2.15 P.M.

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earnings as a total to the invested capital we have
 averaged the invested capital for the whole period
 and that is shown at the bottom of the statement in
 1970 - \$11,500,000. Upon it the company has made
 average annual profit of \$1,500,000, or 13%.

... that 13% is the average ratio of the
 not earnings to the invested capital over this
 period of 21 years, is that right?

THE COMMISSIONER: Yes, I understand you to use the
 words profits and earnings before we meaning the
 same thing? A. Yes, my lord.

MR. BRADY: ... that goes not mean dividend?

A. No.

... no that the net earnings of the company every

2.1% upon the invested capital throughout the 21

-- The Commission advised as 1970 1.2% to remain
 at this time

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-- The Commission resumed at 2:15 P.M.

5 MR. McRUER My lord, before Mr. Heward goes on we had some evidence this morning in reference to the method of taking inventory in the Montreal Cotton Com-
pany and the Drummondville Cotton Company and the Sherbrooke Cotton Company. I would ask your lordship to refer that evidence to the Income Tax Department the same as the others.

10 THE COMMISSIONER: Yes, we will treat them all alike. We don't know much about it ourselves, apparently.

MR. McRUER: Yes, my lord.

15 THE COMMISSIONER: All right, Mr. Heward.

MR. HEWARD: Yes, my lord.

J. GRANT GLASSCO, recalled.

BY MR. HEWARD:

20 Q. Now, Mr. Glassco, when we adjourned you were dealing with page 3 of Exhibit 1232 which deals with the ratio of earnings to invested capital.

THE COMMISSIONER: Just a minute now; what page did you say ?

A. Page 3, my lord.

25 BY MR. HEWARD: . Now, I think you have made it clear that these earnings are the earnings of the company and do not represent the amounts paid out in dividends ?

A. Yes.

Q. Is that correct ?

A. Yes.

30 Q. And I notice you have not included bonds in the invested capital ; is that correct ?

A. Yes.

The Commission turned at 2:15 p.m.

MR. HOWARD: My lord, before Mr. Howard goes on
had some evidence this morning in reference to the
method of dealing inventory in the Montreal Cotton
Company and the Birmingham Cotton Company and the
Birmingham Cotton Company. I would ask your lordship
to refer that evidence to the Income Tax Department
the same as the others.

THE COMMISSIONER: Yes, we will treat them all
alike. We don't know what about it ourselves, you-

MR. HOWARD: Yes, my lord.

THE COMMISSIONER: All right, Mr. Howard.

MR. HOWARD: Yes, my lord.

BY MR. HOWARD:

Q. Now, Mr. Glasco, when we adjourned your work
dealing with page 3 of exhibit 100 which deals with
the ratio of earnings to invested capital.

THE COMMISSIONER: Just a minute now; what is
the ratio of earnings to invested capital?

BY MR. HOWARD: A. Now, I think you have made
clear that these earnings are the earnings of the
company and do not represent the amounts paid out in

Q. Is that correct?

A. Yes, I notice you have not included bonds in

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Glasco

Q. Why is that ? A. Well, the bonds represent an indebtedness of the company whereas the preferred and common shares represent proprietary interests. Actually if you did take the bonds in the effect would be to reduce the ratio of earnings to invested capital.

Q. Instead of being 9.12 per cent it would be what ? A. Something less; I have not calculated it.

BY THE COMMISSIONER: Q. It means you would increase your capital ? A. Yes.

Q. What is the bonded indebtedness ? If you don't know, never mind ?

MR. HEWARD: I have a record of it in the last Annual Statement. I think it was filed.

MR. McRUER: There it is.

THE WITNESS: \$4,457,000. on March 31st, 1936.

BY MR. HEWARD: Q. There was a previous issue a little larger ? A. Yes, it was larger prior to that.

Q. And bearing somewhat higher interest rate, was it not ? A. I believe so.

Q. The present interest rate is about 4 1/2. We can get that ? A. I am not quite sure but I presume it is in the vicinity of 5 per cent.

Q. Pardon ? A. I presume it is in the vicinity of 5 per cent.

Q. Now, this statement which we have been discussing shows total profits of some \$32,800,000. The statement which Mr. Howson prepared for the Commission

Q. Now, the bonds to
 present an indebtedness of the company whereas the
 preferred and common shares represent equity
 capital. Is that correct?
 A. The effect would be to reduce the value of earnings
 to invested capital.
 Q. Instead of being 2.12 per cent it would be
 what? A. Something less; I have not calculated
 it.
 BY THE COMMISSIONER: Q. It means you would
 increase your capital?
 A. Yes.
 Q. That is the logical investment? If you
 don't know, never mind.
 A. I have a record of it in the last
 Annual Statement. I think it was filed.
 MR. KERR: There it is.
 THE COMMISSIONER: Q. Now, there was a previous issue
 BY MR. KERR: Q. There was a previous issue
 A. Yes, it was larger.
 Q. Little larger?
 A. That.
 Q. And bearing somewhat higher interest rate,
 is not? A. I believe so.
 Q. The present interest rate is about 4.12.
 A. I am not quite sure but
 because it is in the vicinity of 5 per cent.
 A. I presume it is
 the vicinity of 5 per cent.
 A. Now, this statement which we have been discussing
 shows a total profit of some \$2,000,000.

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showed total earned profits during the same period of some \$45,900.--

MR. McRUER: \$45,000,000.

MR. HEWARD: \$45,900,000. You and I are in the same category when it comes to figures.

MR. McRUER: Yes.

THE COMMISSIONER: 45,000,000 ?

MR. HEWARD: \$45,952,581.33. I refer to what I believe is page 7 of Exhibit 917.

THE COMMISSIONER: Yes.

BY MR. HEWARD: Q. Now, how do you account for the difference, Mr. Glassco ? A. Well, the total of \$45,000,000 odd consists of \$28,686,000 which is applicable to the common stock. Our total of \$32,882,000. compares with that exactly except that our figure includes earnings on the preferred as well. The other difference is in the figure of \$17,263,728.17 which Mr. Howson adds to the profits and describes as follows: "Approximate surplus values in plant provided by over-depreciation and excessive charges to operations for equipment, repairs, etc."

Q. Do you agree with Mr. Howson's method ?

A. No.

Q. Why not ? A. Well, I think in order to discuss that clearly it would be necessary to look at the actual condition of the asset accounts and for that purpose I have prepared a statement which appears in this folder as page 4 which I think you will have to look at.

. Now, before we leave page 3 may I just interrupt

showed total earned profits during 1937 - some pointed out
some \$45,000.--

MR. HUNTER: \$45,000, 000. You say I am in the
category when it comes to figures.

MR. HUNTER: Yes.

MR. HUNTER: \$45,000, 000? 45,000, 000?

MR. HUNTER: \$45,000, 000. I refer to that I
believe is page 7 of Exhibit 217.

THE COURT: Yes.

BY MR. HUNTER: Now, how do you account for
of \$45,000, 000 and consists of \$45,000, 000 which is
applicable to the common stock. Our total of
\$52,382,000. compare with that exactly except that
figure includes earnings on the preferred as well.

THE COURT: Is it the figure of \$52,382,000?

MR. HUNTER: Yes, that is the figure of \$52,382,000.

THE COURT: Approximate surplus values in plant pro-
vided by over-depreciation and excessive charges to
maintenance for equipment, would it, would it?

MR. HUNTER: Do you agree with Mr. Howson's method?

THE COURT: Why not?

MR. HUNTER: Well, I think in order
to look at

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THE COMMISSIONER: Let me have the figure again that Mr. Glassco gave, the last one ? A. \$17,263,728.17.

BY MR. HEWARD: Q. Before we leave page 3 that exhibit, I understand, is based on the results shown by the company's books, not taking into account any increases in value adopted by the company and written into their books. In other words, what you have considered is invested capital only, actual tangible assets put into the Company by the proprietors, the preferred and common shareholders, from a cost standpoint.?

A. Yes, you might call this total invested capital on a cost basis irrespective of any additional values which have arisen through market appreciation in replacement values. In other words, nothing is included in this capital for write-ups of any sort.

Q. Now, you referred a moment ago to page 4. This statement deals with the same facts as appear on page 8 of Exhibit 917 ? A. Yes, I think it would be helpful to have them both before us.

BY THE COMMISSIONER: Q. What page on 917 ? A. 8, my lord.

Q. All right. A. I have analyzed the fixed asset accounts by reference to the schedules prepared by the company and the company's books, and the first figure which I show on page 4 is what I call "Cost Value of fixed assets per books" which totals \$28,849,648.87.

Q. What is the meaning of the word "cost" in that phrase ? A. Without any write-ups, the cost

to the company of the assets at present standing on its books. You will see in the next item there were added values written into the books but this is the cost value as distinct from values added through appraisals and write-ups.

BY MR. McRUER: Q. That is the book value taken from the books of the four old companies? A. Yes.

Q. As your basis of the cost value?

BY THE COMMISSIONER: Q. The cost value is not just what was paid to acquire the assets of the old companies? A. You mean by the members of the syndicate?

Q. No, by the Dominion Textile Company?

A. By the Dominion Textiles; I take the word "cost" to the Dominion Textiles as being the actual tangible value.

Q. At the time they acquired? A. Yes.

BY MR. McRUER: Q. The tangible value as shown on the books of the old companies? A. Yes.

Q. You apply against that the share capital that was issued over and above \$500,000.? A. Yes.

THE COMMISSIONER: You must add something to it to get this figure?

BY MR. HEWARD: Q. Then, you add, of course, whatever they have acquired since? A. Yes, of course.

BY THE COMMISSIONER: Q. I see what it is now. You go back to what they paid originally and what they have purchased since? A. Yes, and we eliminated as far as we could what they have disposed of

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so this is the value of the assets now shown by the books to exist at the present time based on the cost to the company.

Q. Of these assets ? A. Of these assets.

5 BY MR. HEWARD: Q. That is the \$28,000,000 figure ? A. Yes. Now, in Mr. Howson's statement he arrives at a figure which is comparable. It isn't exactly the same, but I don't think the difference is enough to bother about very much. His total
10 is \$28,424,855.78. Now, to our \$28,000,000 cost value we show added values, and the first amount added was added in 1920, and it consisted of a portion of the amount by which the par value of the shares issued in 1905 exceeded the tangible assets which the
15 company got for them. If you will refer to page 1 on these statements you will see that the company issued or paid a total of \$9,675,909.91, and received assets valued at \$7,270,631.72. That meant there was a surplus of approximately \$2,500,000. of shares issued over and
20 above the tangible value of the assets which they acquired.

BY THE COMMISSIONER: Q. That is both preferred and common? A. It is impossible to say
25 exactly what it is but I am assuming it applies to the common, sir. So that was for the time being entered by the company into its goodwill account where it was entered until 1920, and then the value of the fixed assets themselves were written up by that amount and
30 the goodwill was taken off the books.

Q. That is, the goodwill was translated into terms

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of tangible assets ? A. Yes.

BY MR. HEWARD: Q. That write-up was after the Canadian Appraisal Company's appraisal had been made ?

A. Yes, so I believe. The second write-up was a straight increase in the value of the fixed assets of \$7,500,000. in 1923 at the time of the reorganization.

BY THE COMMISSIONER: Q. Where is that ?

A. That is on page 4, sir, I am sorry.

Q. Yes, I see ? A. Now, the appraisal in 1920 indicated additional values of \$10,459,536.63 of which book values were adjusted to reflect a part, \$9,837,219.03, which is the total of these two write-ups, one made in 1920 following the appraisal immediately, and the other made in 1923 when the reorganization took place. In other words, the 1920 appraisal showed values over and above what we call the cost values as shown by the books of \$10,459,536.63.

BY MR. HEWARD: Q. Now, from your knowledge can you explain how such a large increase in value occurred?

A. Well, I think to get to understand just how large that increase was I should mention the amount of the cost value of the assets at that date.

Q. What was the cost --

BY THE COMMISSIONER: Q. At what date ? A. In 1920, my lord. At that date, the assets stood on the books at a cost value of \$12,458,496.69, and the appraisal said additional values existed of \$10,459,000.

BY MR. McRUER: Q. The cost value was what ?

A. \$12,458,496.69.

BY MR. HEWARD: Q. Then, can you explain the

of tangible assets? A. Yes.

BY MR. HENNING: Q. That write-up was after the

A. Yes, so I believe. The second write-up was a

increase in the value of the fixed assets of

\$7,500,000. In 1928 at the time of the reorganization

BY THE COMMISSIONER: Q. There is that?

A. That is on page 4, sir, I am sorry.

A. Now, the original

1920 indicated additional values of \$10,450,000.00

which book values were adjusted to reflect a part,

\$2,877,219.03, which is the total of these two

was, one made in 1920 following the special

only, and the other made in 1928 when the reorganiza

tion took place. In this regard, the two

values over and above what we call the cost values

shown by the books of \$10,450,000.00.

BY MR. HENNING: A. Now, from your knowledge

you explain how such a large increase in value occur

A. Well, I think to get to understand that how

that increase was I should mention the amount of

cost value of the assets at that date.

Q. What was the cost --

BY THE COMMISSIONER: Q. At what date?

A. At that date, the cost value was

books at a cost value of \$12,450,000.00, and the

cost value of the assets was

Q. The cost value was what?

A. Then, can you explain

BY MR. HENNING: A. Then, can you explain

increase in value ? A. Yes, I have studied some statistics of the replacement costs of machinery and buildings for cotton mills from the year 1910 on, and there are a number of indexes given of which one or two might indicate the trend in prices over those years. The prices remained approximately stationary from 1910 to 1915 at which date they started to rise sharply and rose through the war years. The average cost of building a cotton mill and equipping it with machinery reduced to a per spindle basis increased from \$28.28 in 1915 --

BY MR. McRUER: Q. From what in 1915 ? A. \$27.28 to \$73.05 in 1920. In the same way a calculation of representative machinery priced at the current values each year shows a rise from \$4,193. in 1910 to \$8,998. in 1920. The rise all occurred in the last four years when it rose from \$4,325. to \$8,998. So that on replacement costs, as indicated by these statistics which I have seen and the information furnished me by the company as to the actual prices it paid for these machines, there appears to have been a rise in cotton mills, machinery and buildings, of possibly 100 per cent in the replacement values.

BY MR. HEWARD: Q. In view of these increases do you consider that the replacement values shown by the 1920 appraisal appear inconsistent having regard to the book cost ? A. No, I think the appraisal of 1920 appears most consistent having regard to these statistics because the 1920 appraisal, it must be remembered, was still on a replacement basis and the

value that it showed was the replaced value, the replacement cost at the present time so that if costs had increased by 100 per cent you would expect the replacement value to be double the book value.

5 Q. Now, what then was the effect of the write-ups the company made in 1920 and 1923 ? A. The effect was to translate into fixed asset accounts of the company the additional values as indicated by the appraisal which had been made in 1920.

10 Q. By so writing them up, writing up the fixed assets the company created a surplus ? A. It created a capital surplus. That would represent a capital profit.

15 Q. What was done with that surplus ? A. It could not be distributed properly, I don't think, and it was capitalized in the course of the reorganization in 1923.

20 Q. Well then, what then is the position at that point ? A. The gross book value then of the fixed assets on the company's books as at the 31st of March, 1936 is \$38,686,867.90 which consists of two amounts, the cost value of what was on hand, some \$28,800,000. and the added values written in on the basis of the 1920 appraisal of \$9,800,000. odd.

25 Q. That was the gross value ? A. Yes.

30 Q. Now, against that amount you have to apply the write-offs for depreciation, I presume? A. Yes, we had to -- we analyzed the depreciation accounts, and the write-offs which were written to repair accounts and direct to profit and loss in the earlier years, and

we find that that total in the ordinary course is \$19,073,024.32, and in addition to that special provision was made for obsolescence of the Verdun plant which amounted to \$1,441,567.47 making a total write-off for depreciation of \$20,514,591.79.

.. So that represents the net book value as at March 31st, 1936, how much ? A. \$18,172,276.11.

BY THE COMMISSIONER: Q. How do you stand in relation to Mr. Howson there ? A. Mr. Howson has taken the appraisal made in 1936 which shows some \$22,000,000. as the present value and that is the only indication he gives as to the present value of the machinery; the book value--

Q. That is the insurance appraisal ? A. Yes, the book value is \$18,172,276.11 .

BY MR. HEWARD: Q. Now, you were going on with this statement on page 4 to show us why you disagreed with the statement of Mr. Howson that the approximate surplus values in plant provided by over-depreciation and excessive charges to operations for equipment, repairs, etc. amounted to \$17,265,726.17 ? A. Well --

.. How did Mr. Howson get at that ? A. What Mr. Howson has done in effect is to compare --

THE COMMISSIONER: Pardon me a moment; read the question ?

-- The reporter reads as follows:

"Q. Now, you were going on with this statement on page 4 to show us why you disagreed with the statement of Mr. Howson that the approximate surplus values in plant provided by over-depreciation

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we find that that total is the ordinary course is
which amounted to \$1,441,567.47 making a total value
off for depreciation of \$40,514,501.99.
so that represents the net book value as at

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March 31st, 1955, how much?
BY THE COMMISSIONER: A. How do you stand in re-
lation to Mr. Howson there?
taken the appraisal made in 1953 which shows some
\$22,000,000 as the present value and that is the only
indication he gives as to the present value of the
machinery; the book value--

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.. That is the insurance appraisal?
the book value is \$19,173,255.11.
BY MR. HOWSON: A. Now, you were going on with

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this statement on page 4 to show us why you are
with the statement of Mr. Howson that the appraisal
machine value is \$19,173,255.11?
the appraisal machine is the machine, the equipment.

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repairs, etc. amounted to \$19,285,728.19? A. Yes.
.. How did Mr. Howson get at that?
Mr. Howson has done in effect is to compare --
THE COMMISSIONER: Pardon me a moment;

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Question?
.. Now, you were going on with this statement
page 4 to show us why you disagreed with the
statement of Mr. Howson that the appraisal machine
value is \$19,173,255.11?

and excessive charges to operations for equipment, repairs, etc. amounted to \$17,265,726.17?"

THE WITNESS: You will find that figure, my lord, on page 7.

5 THE COMMISSIONER: Yes, I have it.

BY MR. HEWARD: Q. Then, I asked -- you were telling us why you disagreed with that? A. What Mr. Howson has done in effect is to compare the insurance appraisal value of \$22,000,000 odd with what he calls the net book value of the fixed assets on a cost basis. He determines the net book value on a cost basis at \$4,917,000. odd by applying --

BY THE COMMISSIONER: Q. Is that on page 7?

15 A. That is page 7, my lord. He arrives at that as shown on page 8 by applying the write-offs of \$23,500,000. to the cost value really of the assets of \$28,000,000 and says in effect that the \$4,917,000. difference represents the portion of the total cost which we have not yet extinguished through depreciation. He calls it the unabsorbed portion of total fixed assets.

20 Q. On a cost basis? A. Yes, my lord. Now, it seems the only basis upon which it can be said that over-depreciation has taken place is if we have some measure to-day to tell us what the depreciation should have been. All that we have is what the insurance appraisal tells us the property is insurable for. It is estimated that that \$22,000,000. must consist of the depreciated cost, whatever that may be, the depreciated cost value of our assets whatever that may be.

and excessive charges to operations for equipment, rent, telephone, etc. amounted to \$17,286.11. You will find that figures, my lot

THE CHAIRMAN: Yes, I have it.

BY MR. HARRIS: A. Then, I asked -- you were telling us why you disagreed with that? A. What Howson has done in effect is to compare the insurance appraisal value of \$23,000,000 odd with what he called the net book value of the fixed assets on a cost basis. He determines the net book value on a cost basis of \$4,917,000. odd by multiplying --

BY THE CHAIRMAN: A. Is that on page 7? A. That is page 7, my lord. He arrives at that as shown on page 8 by multiplying the net book value of \$23,000,000. to the cost value really of the assets of \$4,917,000 and says in effect that the \$4,917,000 difference represents the portion of the total cost which we have not yet extinguished through depreciation. He calls it the unamortized portion of total fixed assets.

A. Or a cost basis? A. Yes, my lord. It seems the only basis upon which it can be said over-depreciation has taken place is if we have some measure to-day to tell us what the depreciation should have been. What we have is that the insurance appraisal tells us the property is insurable for. It is estimated that \$23,000,000. cost a value the depreciated cost, whatever that may be, the

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4. The depreciated value ?

A. Yes, on a

cost basis plus an increment representing or due to the fact that replacement values are above our original costs. In 1920 the appraisal company said to us
5 "Your assets are worth \$10,000,000. more than you have them on your books at." It was possible then because of the manner in which that appraisal was made to determine pretty accurately how adequate the depreciation had been up to that date, and, in my opinion there
10 had been, if anything, a very small under-depreciation. However, in respect to the period from 1920 to 1936 unless somebody tells us how much of this \$22,000,000 represents the increment in values arising from rises in replacement values, and how much represents the
15 amount of our cost which we have not yet depreciated we cannot say whether the depreciation has been too much or too little or just enough.

MR. McRUER: Excuse me, might I have the reporter read that answer to me.

20 -- The reporter reads as follows:

"A. Yes, on a cost basis plus an increment representing or due to the fact that replacement values are above our original costs. In 1920
25 the appraisal company said to us 'Your assets are worth \$10,000,000. more than you have them on your books at'. It was possible then because of the manner in which that appraisal was made to determine pretty accurately how adequate the depreciation had been up to that date, and, in my
30 opinion there had been, if anything, a very small

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Glasco

under-depreciation. However, in respect to the period from 1920 to 1936 unless somebody tells us how much of this \$22,000,000. represents the increment in values arising from rises in replacement values, and how much represents the amount of our cost which we have not yet depreciated we cannot say whether the depreciation has been too much or too little or just enough."

BY MR. HAWARD: Q. Now, what was the rate of depreciation applied upon buildings since 1920 ?

A. Approximately 1.8 per cent, something under 2 per cent. I don't think there is any serious trouble about buildings because the rates used would appear to be reasonable and the amounts involved do not really affect the picture. The whole argument comes really to the machinery.

Q. What did they write-off on machinery ? A. They wrote off approximately 6 per cent per annum on the cost values.

Q. In your opinion is that a high rate from your experience ? A. No, the Income Tax Department allows machinery to be depreciated at rates up to 10 per cent per annum.

Q. Now, these percentage figures that you gave us, 2 per cent and 6 per cent, were they applied to the written up figures or to the cost figures ?

A. They were applied to the cost figures entirely. In other words, the company did not annually depreciate the values which it had added on account of

this appraisal.

Q. So I take it then that Mr. Howson's argument in effect amounts to this that on the cost values of \$23,000,000. we have written depreciation amounting to \$20,000,000. and therefore our depreciated cost is \$8,000,000.? A. Yes.

Q. And he claims we have -- as we had in 1936 an appraisal which shows a depreciated replacement value of \$22,000,000., the difference he claims is earned profit ? A. Yes; applying Mr. Howson's argument to these figures there is a small difference between us in the amounts but as you point out if you apply all the depreciation we wrote, some \$20,500,000., against the total cost value of \$28,800,000. we have left approximately \$8,300,000. of cost yet to be extinguished. Now, because the insurance appraisal totals \$22,000,000. Mr. Howson says the difference between your \$8,000,000. and the \$22,000,000. represents additional earned profits failing to take into account that there is both in our books and in the insurance appraisal a certain value which is unknown representing an increment in value over cost due to the rise in replacement values. Unless we know how that \$22,000,000. is made up, we cannot say to what extent we have over-depreciated or under-depreciated our assets.

Q. Therefore, you reject in its entirety the claim that the \$17,000,000. constituted additional profits ? A. I do.

Q. Now, in showing the earnings on the invested capital you used the profits shown by the books ?

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A. In the absence of any evidence that the books are not absolutely accurate I must, and I have done so in preparing these statements.

Q. In other words, you think there is nothing to suggest they are not true profits ? A. No.

Q. Now, referring again to the 1920 appraisal. You said that surplus values were indicated of over \$10,000,000. of which effect was given in the books of \$9,800,000. odd. I wish to make it clear you have not in page 3 included these extra values in the investment capital ? A. No.

Q. If you wish to show the present value of the capital invested that must be included, mustn't it ?

A. Yes, in order to relate the earnings to what might be described as the actual value of the investment as apart from the cost value of the investment we -- in the statement on page 5 we set against the invested capital plus the write-up the earnings in each year.

The first item on page 5 is total invested capital on cost basis which is taken from page 3, the break down of which is shown in each year on page 3. We add to that in each year the amount by which the fixed assets were written up on the basis of the 1920 appraisal, \$9,837,219.03, and we call the sum of them which appears in the third column the total value of investment as reflected by the capital structure, and we might have added, and by the book value of the fixed assets. Set against these totals in the next column are the earnings, the same earnings

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Witness

Q. In the absence of any evidence that the books are not absolutely accurate I must, and I have done so in preparing these statements.

A. In other words, you think there is nothing to suggest they are not true profits? A. No.

Q. Now, referring again to the 1930 appraisal. You said that surplus values were indicated of over \$10,000,000. of which effect was given in the books of \$9,800,000. odd. I wish to make it clear you have not in page 3 included these extra values in the investment capital? A. No.

Q. If you wish to show the present value of the capital invested that must be included, mustn't it? A. Yes, in order to relate the earnings to what might be described as the actual value of the investment as apart from the cost value of the investment as in the statement on page 2 we set against the investment capital plus the write-up the earnings in each year. The first item on page 2 is total invested capital on cost basis which is taken from page 3, the profit down of which is shown in each year on page 3. We add to that in each year the amount by which the fixed assets were written up on the basis of the appraisal, \$9,887,219.08, and we call the sum of them which appears in the third column the total value of investment as reflected by the capital structure, and we might have added, and by the value of the fixed assets, but that is not done in the next column and the earnings, the same as

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which appear on pages 2 and 3.

Q. Then, in the last column --

A. In the

last column the ratio of these earnings to the indicated value of the investment as shown in the third column, and as we did on page 3 we produced an average of the 16 years from 1920 to 1936. You will notice the statement only commences at 1920 because we had no means of estimating what additional value was added in the years before 1920 because we had no appraisal, no we cannot project those added values back, but in the years from 1920 adding each year \$9,837,000. to the invested capital we find that on the average the company earned 5.08 per cent on the total value of the investment as reflected by the company's assets in the books.

A. In effect, therefore, the percentages shown on this statement on page 5 of which the average is 5.08 per cent for the past 16 years, represent the rate of earnings of the Dominion Textile Company Limited on the actual value of the assets owned by its shareholders; is that right?

A. Yes,

subject always -- we must point out that we have added each year \$9,837,000. and we don't know that that surplus value was not more nor less in subsequent years but in 1936 appraisal would seem to indicate that it was still there.

Q. I would just like to speak to Mr. Nash for a moment before I conclude. Your witness.

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which appear on pages 2 and 3.

4. Then, in the last column --

last column the ratio of these earnings to the indi-
cated value of the investment as shown in the third
column, and as we did on page 3 we produced an average
of the 15 years from 1920 to 1936. You will notice
the statement only commences at 1920 because we had
no means of estimating what additional value was added
in the years before 1920 because we had no appraisal
of the company's value at that time. We have, however,
in the years from 1920 adding each year \$9,827,000.
to the invested capital we find that on the average
the company earned 5.08 per cent on the total value
of the investment as reflected by the company's as-
sets in the books.

5. In effect, therefore, the percentages shown
in this statement as per cent of the earnings to
5.08 per cent for the past 16 years, represent the
rate of earnings of the Dominion Textile Company as
related on the actual value of the assets owned by
its shareholders; is that right?
A. Yes.
We must point out that we have
subject always --
added each year \$9,827,000. and we don't know that
that surplus value was not more or less in subse-
quent years but in 1936 appraisal would seem to in-
dicate that it was still there.

6. I would just like to speak to Mr. Nash for
present before I conclude. Your witness.

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Glasco

CROSS EXAMINED BY MR. McRUER:

Q. Mr. Glasco, you were employed by the Dominion Government in the Price Spreads Inquiry, were you not ? A. My firm was, sir.

Q. Well, you gave evidence ? A. Yes.

Q. You were surely employed or you would not be there giving evidence ? A. Yes.

Q. And Mr. Nash was also employed in the Price Spreads Inquiry ? A. Yes.

Q. And part of your duties as accountants for the Government in the Price Spreads Inquiry was to make certain inquiries into the affairs of these textile companies ? A. Yes, counsel instructed us as to the scope of our investigation.

Q. I just want to get from you now before I proceed with these inquiries if you learned of the secret inventory reserves of the Dominion Textile Company during the course of your investigations ?

A. No.

Q. So that was one thing that was not brought to your attention either by the Companies or did you find it out in the investigations you made ?

A. I think perhaps I should explain the purpose of the Price Spreads Investigation of the Textile industry was primarily directed towards the question of labour and wages.

Q. And the profits they were making ? A. Yes.

Q. Well, the profits they were making was a very essential thing; weren't you trying to find out what profits they made ? A. We were instructed

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INTERVIEW OF MR. BRIDIE

Q. Mr. Bridie, you were employed by the Dominion Government in the Price Spreads Inquiry, were you not?
A. My time was, Mr. ...

Q. Well, you gave evidence?
A. Yes.
Q. You were actually employed or you would not be there giving evidence?
A. Yes.

Q. And Mr. Nash was also employed in the Price Spreads Inquiry?
A. Yes.

Q. And part of your duties as accountants for the Government in the Price Spreads Inquiry was to make certain inquiries into the affairs of these so-called companies?
A. Yes, counsel instructed me as to the scope of our investigation.

Q. I just want to get from you now before I proceed with these inquiries if you learned of the existence of inventory reserves of the Dominion Textile Company during the course of your investigation?
A. No.

Q. So that was one thing that was not brought to your attention either by the Companies or by you finding it out in the investigations you made?
A. I think perhaps I should explain the purpose of the Price Spreads Investigation of the Textile Industry and why it was conducted.

Q. And the profits they were making?
A. Well, the profits they were making was a very essential thing; weren't you trying to find out ...

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to send questionnaires to the companies. We sent out these questionnaires in which we requested information as to the capital structure and as to the profits.

Q. Yes ? A. These we accepted, tabulated and presented.

Q. What I am getting at -- I am not blaming you but you were trying to find out what the profits of the companies were ? A. That was one of the purposes.

Q. That was one of the questions you asked them?

A. Yes.

Q. They did not disclose to you the inventory reserves they had ? A. They did not disclose the existence of such reserves.

Q. All right, that is what I wanted to pin down.

Now, one other question I want to ask you before I go into the evidence you have given to-day and that is looking at the annual statement of the Dominion Textile Company for 1936, you have heard and followed the evidence in respect to the reserves of the Dominion Textile Company, as to their method of valuation of their inventory, stock in process and finished goods ?

A. I think I have heard most of it.

Q. I want to read to you what is contained in this annual statement under the heading --

THE COMMISSIONER: Pardon me, just a minute, what year is this ?

MR. McRUER: 1936, my lord. "Inventories:-

Raw Cotton - less Reserve \$1,720,119.73. Merchandise

and Supplies \$2,310,524.41, a total of \$4,030,644.14.

As determined and certified by the Management and

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Valued (1) As to Raw cotton at less than prevailing market price. (2) As to Merchandise and Supplies on basis of Cost or Market price, whichever was lower". In the light of the evidence that there were certain discounts deducted, that raw cotton put into merchandise in process was put in at the low cost for 20 years, and evidence of that sort, would you say that that was a correct statement of the method of valuing the inventory, "As to Merchandise and Supplies on basis of cost or market price, whichever was lower" ?

A. I don't think it is a perfectly accurate description of the method.

Q. No, in view of the fact that this statement is supposed, at any rate, to give a reasonably accurate statement of the affairs of the company; in reading that you, as an accountant, would deduce from it that the inventory of stock, merchandise and supplies was valued on the basis of cost or market, whichever was lower ? A. Yes, I would deduce that that was the case.

Q. Now, I just want first, Mr. Glassco, to go to Exhibit 1232, the one you have been dealing with most recently. I want to discuss with you first page 4, and probably when I am through there won't be so much difference between you and Mr. Howson as you suggest. Now, we start off with page 4 with the cost value of fixed assets as per books as at the 31st of March, 1936, and you put in land, buildings, machinery and equipment and you arrive at \$28,849,648.86 ? A. Yes.

market price. (2) As to merchandise and supplies on
basis of cost or market price, whichever was lower.
In the light of the evidence that there were certain
accounts recorded, that raw cotton was into warehouse
also in process was put in at the low cost for 20
and evidence of that sort, so it you say that
that was a correct statement of the value of
the inventory, "As to merchandise and supplies on
basis of cost or market price, whichever was lower"
I don't think it is a perfectly accurate de-
scription of the method.

no, in view of the fact that this statement
supposed, at any rate, to give a reasonably accurate
statement of the affairs of the company; in reading
that you, as an accountant, would deduce from it the
and inventory of stock, merchandise and supplies was
valued on the basis of cost or market, whichever was
lower. Yes, I would deduce that that was the

Now, I just want first, Mr. Ginn, to go
to Exhibit 1832, the one you have been dealing with
most recently. I want to discuss with you first part
4, and probably when I am through there won't be so
much difference between you and Mr. Howson as you
suggest. Now, we start off with page 4 with the
cost value of fixed assets as per books as at the
end of 1932, and you put in land, buildings
machinery and equipment and you arrive at

Q. Yes; now, of that --

THE COMMISSIONER: 87 cents.

MR. McRUER: 87 cents; of that there is included in that figure \$20,094,721. That is the price of the book value of the assets of the old companies concerning which we dispute as to whether it ought to be introduced into the capital ? A. No.

Q. \$20,094-- no, it is \$2,094,721.

THE COMMISSIONER: Where is that figure found ?

MR. McRUER: That figure comes in this way from page 1--

MR. HEWARD: Page 1 of this exhibit 1232 ?

MR. McRUER: Yes, we go to page 1. We see at the foot of the page "Balance representing net tangible assets received in respect of \$5,000,000 par value Common Stock issued \$2,594,721.81. Of that \$500,000. was paid in cash and the amount you have taken as of the value from the books of the old companies --

A. Well, I don't want to quibble but the \$500,000. isn't susceptible of being applied particularly to the common stock. However, Mr. Howson has rejected \$2,900,000 --

Q. We had the evidence of Sir Herbert Holt on that subject matter . A. I am sorry, I didn't hear it.

Q. However, you have applied -- A. I have applied \$2,500,000. and you have applied \$500,000.

Q. All right, I say \$500,000. was paid for the common stock and we will take that cash value away from the figure at the bottom of page 1 and we have \$2,094,721.81, haven't we ? ? A. Yes.

2. Yes; now, of that --

THE CHAIRMAN: 87 cents.

MR. BROWN: 87 cents; of that there is incl-

in that figure \$20,000,000. That is the price

we have to pay for the stock of the

concerning which we discuss as to whether it ought

to be introduced into the market?

MR. BROWN: No, it is \$20,000,000.

THE CHAIRMAN: Where is that figure found?

MR. BROWN: That figure comes in this way:

MR. BROWN: Page 1 of this exhibit 1283?

MR. BROWN: Yes, we go to page 1. We see at

foot of the page "Balance represented not paid

amount received in respect of \$2,000,000 per share

common stock issued \$2,500,000. Of that \$250,

was paid in cash and the amount you have taken as

the value from the books of the old companies --

A. Well, I don't want to quibble but the \$200,000

isn't susceptible of being applied particularly to

common stock. However, Mr. Brown has suggested

\$2,000,000 --

.. We had the evidence of Mr. Norbett that on

that subject matter. A. I am sorry, I didn't hear

.. However, you have applied --

applied \$2,500,000, and you have applied \$200,000.

A. All right, I say \$200,000 was paid for the

common stock and we will take that cash value away

from the figure of the common stock and I will be

at \$2,300,000. Now, I say \$2,300,000.

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Q. And the reason you take that into capital of the company is this; you say that the company issued shares for the assets of these companies, whether it be to the shareholders or not. These assets on the books showed that they were worth \$2,094,721.81 more than was paid for them so you applied it against the common stock issued ?

A. More than was paid for them to the shareholders of the old companies.

Q. Yes; now, do you know what took place, actually took place when that transaction was entered into ?

A. I think so.

Q. You think you do ; well, you seem to base your ground for that on a minute of the meeting of the shareholders on the 27th of January, 1905 ?

A. Yes.

Q. And did you look to see that the provisional directors met on that same date for organization purposes ?

A. No.

Q. You did not look, and the shareholders that met on that date were the members of the old syndicate.

A. So I believe.

Q. And they are the only people that sat and voted on this agreement ?

A. Yes.

Q. And what they voted to do was this, that we will issue to the shareholders of the four companies, the Colonial Bleaching, the Merchants, the Canadian Cottons --

MR. GORDON: No.

MR. McRUER: The Dominion Cottons and the Montmorency Cotton Company our securities in the proportions that were set out ?

A. Yes.

Q. And what they did was, for instance, in the case of the Colonial Bleaching Company they issued Dominion Textile securities on the basis of 166 2/3 of the par value of the stock of the Colonial Bleaching Company ? A. Yes.

Q. And they agreed to issue to the shareholders three-fifths of the purchase price in 6 per cent bonds of the Dominion Textile Company and two-fifths in 7 per cent preferred stock in the new company; that is right ? A. Yes.

Q. And in the case of the Merchants Cotton Company they agreed to buy the stock at 85 per cent of the par value and to pay 66 2/3 of the par value in 6 per cent bonds and 18 1/3 of the par value in 7 per cent preferred stock; that is right, isn't it? A. Yes.

Q. And in the case of the -- have you it there before you now ? A. Yes.

Q. All right, give us the case of the Dominion Cotton Mills ? A. Perhaps I had better let you interpret it from this.

Q. In the case of the Dominion Cotton Mills they agreed, my recollection is, to pay 50 cents on the dollar for the shares; is that not right ? A. I haven't anything in front of me now.

Q. Well, I will find it. I have it right here. Yes, we have it here, 50 per cent, and 25 per cent in preferred stock and 25 per cent in new bonds and assume the underlying bonds that were outstanding; that was the transaction, wasn't it ? A. Yes.

And what they did was, for instance, in the case of the Colonial Bleaching Company they issued Dominion Textile a certificate on the basis of 16 2/3 of the par value of the stock of the Colonial Bleaching Company? A. Yes.

And they agreed to issue to the shareholders three-fifths of the purchase price in 6 per cent bonds of the Dominion Textile Company and two-fifths in 7 per cent preferred stock in the new company; is that right? A. Yes.

And in the case of the Western Cotton Company they agreed to buy the stock at 85 per cent of the par value and to pay 66 2/3 of the par value in 6 per cent bonds and 18 1/3 of the par value in 7 per cent preferred stock; that is right, isn't it? A. Yes.

And in the case of the -- have you it there before you now? A. Yes.

All right, give us the case of the Dominion Cotton Mills? A. Perhaps I had better let me --

In the case of the Dominion Cotton Mills I agreed, my recollection is, to pay 50 cents on the dollar for the shares; is that not right? A. I haven't anything in front of me now.

Well, I will find it. I have it right here --

in 1902 stock and 85 per cent in new bonds and 15 per cent in underlying bonds that were outstanding;

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Q. All right; in the case of the Montmorency Cotton Company they agreed to pay the shareholders on the basis of 120 per cent of the par value of the stock with 20 per cent preferred stock and 100 per cent in bonds of the new company; that is right? A. That was the deal with the old shareholders.

Q. That was the deal with the old shareholders, and when they had done that in addition to that the members of the syndicate subscribed a million dollars? A. Yes.

Q. The members of the syndicate did not own these properties? A. No.

Q. They only owned shares, and the members of the syndicate subscribed a million dollars to the capital stock of the Dominion Textile Company and for that they got \$5,000,000. in common stock and got preferred stock at par? A. I don't know that.

Q. They got \$5,000,000 worth of preferred stock, or \$500,000 worth of preferred stock, rather?

A. They subscribed \$500,000. in cash for preferred stock. The transaction that I have described in my examination in chief was the transaction whereby \$5,000,000. of capital common stock was issued.

Q. Yes; well then, the Dominion Textile issued these securities to the shareholders of the other companies, and then it had left -- A. No, it issued these securities to the Royal Trust Company.

Q. Who turned them over to the shareholders of the other companies? Do you not know that?

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Q. All right; in the case of the Montgomery
Cotton Company they agreed to pay the shareholders
the basis of 120 per cent of the par value of the
stock and 120 per cent in
of the new company; that is right?
was the deal with the old shareholders.
What was the deal with the old shareholders
and when they had done that in addition to that the
members of the syndicate subscribed a million dol-
lars? A. Yes.
The members of the syndicate did not own
these properties?
A. No.
They only owned shares, and the members of
the syndicate subscribed a million dollars to the
capital stock of the Dominion Textile Company, and
that they got \$5,000,000 in common stock and got
preferred stock at par?
A. I don't know
that.
They got \$5,000,000 worth of preferred
or \$500,000 worth of preferred stock, rather?
A. They subscribed \$500,000 in cash for preferred
stock. The transaction that I have described in
examination in chief was the transaction whereby
\$5,000,000 of capital common stock was issued.
Yes; well then, the Dominion Textile
these securities to the shareholders of the other
companies, and then it had left --
A. No, it
issued these securities to the Royal Trust Company
Who turned them over to the shareholders
of the other companies? Do you not know?

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A. No, I don't know that.

Q. Then you have not gone very deeply into it?

A. I have only been concerned with the assets which the Dominion Textile Company received for the stock it issued and not for the profit that any individual shareholder made on the transaction.

Q. Have you read the Order in Council setting up this Commission? A. I have heard you read it several times.

Q. Do you know what is in it? You know what is in it? When did you ever hear me read it? A. I think in the last two weeks you have had occasion to read it several times.

THE COMMISSIONER: That means parts of it.

MR. McRUER: Parts of it, but have you read the whole thing? A. No.

Q. You have never read it? A. No.

Q. So you say in your statements, as far as making them up goes, you are not concerned with the profit any individual has made? A. No, because -- no.

Q. Well, you and I may differ as to whether that is relevant in the purposes of the Commission or not?

A. I have not been asked to look into it.

Q. All right, then we will absolve you from that and we will go on. Now, your contention is that although that transaction was carried through in that way if you go to the books of the old companies you will find there that the assets were carried on the books of these old companies at \$2,094,721.81 more than the

Dominion Textile actually paid for them?

A. No,

than the syndicate paid the shareholders of the old company.

5 Q. Then the syndicate paid the shareholders of the old company, all right; then, if your contention be true these gentlemen who bought up these shares got control of them -- in the Dominion Cotton Company, or before I go on with that, most of this is in connection with the books of the Dominion Cotton Company, the assets that were carried on the books of the Dominion Cotton Company, is it not? 10 A. Yes, it is the largest one.

15 Q. All right; then, we have it if your contention be true these gentlemen who bought up the shares got control of the Dominion Cotton Company and even though the minority shareholders were objecting very strongly they arranged a deal whereby they sold to a new company, which they controlled, the assets of the shareholders of the other company at 20 \$2,094,000. less than they were worth?

Page 13784 follows

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Domestic Textile actually paid for them?

Then the syndicate paid the shareholders of the

company.

. Then the syndicate paid the shareholders

the old company, all right; then, if your content

be true these gentlemen who bought up these shares

control of them -- in the Dominion Cotton Company

before I go on with this, most of this is in con-

nection with the books of the Dominion Cotton Co.

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Dominion Cotton Company, is it not?

is the largest one.

. All right; then, we have it if your con-

tention be true these gentlemen who bought up the

shares not control of the Dominion Cotton Company

even though the minority shareholders were object-

very strongly they arranged a deal whereby they

to a new company, which they controlled, the assets

of the shareholders of the other company at

\$2,084,000, less than they were worth?

same 1975 follows

A. I cannot assent to that.

Q. If your contention is true, that is the only logical conclusion to come to. A. From that transaction at that time?

5 Q. I say if your contention is true, then what happened was this, that these gentlemen who formed the syndicate got control of the shares of the Dominion Cotton Company and associate companies, and then turned them over to a new company which they incorporated or caused to be incorporated for \$2,094,721.81 less than they were worth. A. Less? No.

10 Q. They turned them over -- I will put it this way -- and got that much less for them for the shareholders. A. They gave the shareholders \$2,094,000 less than the books of the constituent companies showed that their shares were worth.

15 Q. All right. Now you are going one step further and saying: I take that into the capital of the new company because they were worth it.

20 A. I do not think that is quite the case. Let me just explain that. I say that the price at which the distressed shareholder is ready to part with his shares is no evidence that the tangible value of the assets is not as indicated by the books of the company.

25 Q. I am not talking about the distressed shareholder although probably some of them were distressed. We have evidence that the Dominion

Q. If your contention is true, that is the only logical conclusion to come to. A. From that transaction at that time?

What happened was this, that these gentlemen who owned the syndicate got control of the shares of the Dominion Cotton Company and associated companies, and then turned them over to a new company which they incorporated or caused to be incorporated for \$2,000,000 less than they were worth. A. Less? No.

Q. They turned them over -- I will put it this way -- and I think that much less for them for the shareholders? A. They gave the shareholders

\$2,000,000 less than the books of the company showed that their shares were worth. A. All right. Now you are going one step

further and saying: I take that into the capital of the new company because they were worth it.

A. I do not think that is quite the case. Let me just explain that. I say that the price at which the distress shareholder is ready to part with his shares is no evidence that the tangible value of the assets is not as indicated by the books of the company.

Q. I am not talking about the distressed shareholder although probably some of them were. A. We have evidence that the Dominion

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Cotton Company at the time the transfer was put through was controlled by the very people who caused the Dominion Textile Company to be incorporated.

5 MR. BALLANTYNE: I do not think there is any evidence to that effect.

MR. McRUER: There are minutes of the meeting that put through the deal.

MR. GORDON: You are talking about the syndicate.

10 MR. McRUER: I am talking about the Dominion Cotton Company.

MR. BALLANTYNE: I do not remember that evidence.

15 THE COMMISSIONER: Do you say that the minutes of the last meeting of the Dominion Cotton Company show that the people there were the same as the syndicate.

MR. McRUER: The directors that passed on it.

MR. BALLANTYNE: The majority directors?

20 MR. McRUER: At their last meeting, and the Dominion Cotton Company could not turn over the assets because some of them would not agree, and then they returned the plant at a rate to pay 4 per cent on the common stock.

25 THE COMMISSIONER: Reference to the evidence will show whether that is so or not.

MR. McRUER: Yes.

30 BY MR. McRUER: Q. I am just getting at this point, Mr. Glassco, that ~~if~~ the members of the syndicate controlling the Dominion Cotton Company, what they really did was to turn over to the company

Cotton Company at the time the transfer was put
through was controlled by the very people who
ceased the Dominion Textile Company to be incor-
porated.

MR. McHUGH: I do not think there is any
evidence to that effect.

MR. McHUGH: There are notes of the meeting
that put through the deal.

MR. GORDON: You are talking about the syndicate
MR. McHUGH: I am talking about the Dominion
Cotton Company.

MR. McHUGH: I do not remember that evidence
THE CHAIRMAN: Do you say that the minutes
of the last meeting of the Dominion Cotton Company
show that the people there were the same as the

MR. McHUGH: The directors that passed on it.
MR. McHUGH: At their last meeting, and the
Dominion Cotton Company could not turn over the
assets because some of them would not agree, and
then they returned the plant at a rate to pay 4 per
cent on the common stock.

THE CHAIRMAN: Reference to the evidence
will show whether that is so or not.

MR. McHUGH: Yes.

BY MR. McHUGH: Q. I am just getting at this
point, Mr. Glassco, that the members of the
syndicate controlling the Dominion Cotton Company,
that they really did was to turn over to the company

which they caused to be incorporated the assets of the Dominion Cotton Company on a basis of \$2,094,000 less than they were worth, if your argument is true.

5 A. If they are the same people. If you want to go back and determine the value --

Q. There were shareholders who carried the case to the Privy Council, and you say "If they are the same."

10 THE COMMISSIONER: Is it suggested that the directors of one of the old companies or a number of the directors became the whole syndicate?

MR. McRUER: Yes.

15 THE COMMISSIONER: And later became the whole Dominion Textile Company?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: That is what you say?

18 MR. McRUER: And the syndicate controlling the Dominion Cotton Company caused them to agree to sell the majority shares to Dominion Textile. It was a syndicate-made agreement.

20 THE WITNESS: I cannot speak as for that because I do not know.

25 MR. McRUER: All right. You may be right and you may be wrong.

THE WITNESS: No, I do not admit that. I was looking over every bit of evidence I could find which has any bearing on the matter we are investigating and I think I am right.

30 BY MR. McRUER: Q. You think you are right in what? A. In taking the value of these

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which they caused to be inserted into the
the Dominion Cotton Company as a result of which
the company was able to obtain the value --

There were shareholders who carried the
to the City Council, and you say it they are to
same."

THE COMMISSIONER: It is suggested that the
directors of one of the old companies or a
the directors receive the whole sum of money

MR. MONTGOMERY: Yes, my lord.

THE COMMISSIONER: That is what you say?

MR. MONTGOMERY: Yes, my lord.

THE COMMISSIONER: I cannot speak as for that because

You may be right and you

...

...

assets at the figure at which they stood in the books of the constituent companies.

Q. Irrespective of whether that is what was paid for them by the Dominion Textile Company?

5 A. No, the Dominion Textile Company paid a little more for them.

Q. It issued \$5,000,000 of stock, and the men that got the \$5,000,000 of stock operated with only \$500,000. That is quite clear, is it not? There is no doubt of that. A. I think that is clear.

Q. That is perfectly clear. At any rate we will go on from there. \$5,000,000 of common stock found its way into the hands of gentlemen who operated with only \$500,000. Once we get away from book-keeping fictions, that is the effect of it.

15 A. Without knowing, I believe it to be the case.

Q. Now I want to go back to page 4 for a moment, probably more than a moment. If you will take that figure at the top of the page, I want you, whether you agree with me or not on the principle, to do some mathematical calculations. Take your \$28,849,648.87, and take away from it the \$2,094,721.81 that you have added. Now what does that leave you? A. \$26,754,927.06.

20 Q. Now then will you take away please the depreciation over a period up to 1936?

THE COMMISSIONER: What period?

BY MR. McRUER: Q. You show it on the same page there, \$20,514,591.79. A. That is not quite applicable. I mean that the depreciation was

...of the ... which ... in the ...

Q. Inclusive of whether that is what was paid for them by the Dominion Textile Company?
A. No, the Dominion Textile Company paid a little

Q. It seemed \$5,000,000 or more, and the man that got the \$5,000,000 or more operated with only \$500,000. That is quite clear, is it not? There is no doubt of that.
A. I think that is

Q. That is perfectly clear. At any rate it will go on from there. \$5,000,000 of a common stock found its way into the hands of a certain man who owned with only \$500,000. Once we get away from book-keeping fictions, that is the effect of it.

Q. Without knowing, I believe it to be the case.
A. Now I want to go back to page 4 for a moment, is that more than a moment. If you will take that figure at the top of the page, I want you, whether you agree with me or not on the principle, to do some mathematical calculations.

Take your \$38,549,648.87, and take away from it \$2,004,721.81 that you have added. Now what does that leave you?
\$36,544,927.06

Q. Now then will you take away please the deduction over a period up to 1936?
THE COMMISSIONER: What period?

BY MR. MOHRER: C. You show it on the same page. That is

A. That is ... applicable. I mean that the application

written on the 1928 rather than on the 1926.

Q. I do not care what the depreciation was written on. I am taking the amount written out of profits for depreciation.

A. Quite so,

\$20,000,000.

Q. You did not calculate the depreciation?

A. No.

Q. All right. Then we take what is written out of profit for depreciation over the thirty years and we get a balance of -- what is it ?

A. I make it \$6,240,335.27.

Q. All right. Well now, the net book value of the assets at the present time ?

A. \$18,172,276.11.

Q. Now if you will take the net book value of the assets as shown at the present time, and subtract their depreciated value, will you do that for me -- take the \$6,240,000 --

A. From the

\$18,000,000 ?

Q. Yes.

A. I do not admit that is the depreciated value.

Q. Well, I have taken the depreciation away from the original cost after I have eliminated the \$2,000,000, and what is the figure you get ?

A. \$11,931,940.84.

Q. All right. Now that would be profits, would it not ?

A. What ?

Q. That would come out of profits ?

A. No, definitely not.

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written on the 1933 rather than on the 1932.
Q. I do not care what the depreciation was
for 1932. I am asking the same question
for 1933.
A. \$20,000,000.

Q. You did not eliminate the depreciation
for 1932.
A. All right. Then we have what is written
out of profit for depreciation over the thirty
and we get a balance of -- what is it?
A. I make it \$2,240,328.27.

Q. All right. Well now, the net book value
of the assets at the same time?
A. \$18,173,278.11.

Q. Now if you will take the net book value
of the assets as shown at the present time, and
subtract their depreciated value, will you tell
me -- take the \$2,240,328.27 -- from the
\$18,173,278.11.

Q. Yes.
A. I do not think that is
depreciated value.
Q. Well, I have taken the depreciation away
from the original cost after I have eliminated the
\$2,000,000, and what is the balance you get?
A. \$11,351,940.84.

Q. All right. Now that would be profit?
A. What?
Q. That would come out of profit?
A. Definitely not.

Q. There you have the book value --

A. The \$18,000,000 includes \$9,837,219.03, but not 1920 to 1923.

Q. No, I have included that.

A. You have

not.

Q. You have added something there. Here is your book value, as they call it, on the books. If

that is the book value --

A. The book value was

\$18,000,000. It includes the value added to \$9,800,000 odd.

Q. Yes.

A. You say that the depre-

ciated value on your basis, after ignoring the

\$2,094,721.81 arising from 1905, that the depreciated value on a cost basis is \$6,240,000. You ask me to

compare that with the book value, which includes the write-up arising from the appraisal, and to say

that the rest is profit. I can't. It is not a profit.

Q. Well, why do you say it is not a profit?

A. Because it is not realized.

Q. Not realized, but it is there?

A. Yes,

presumably. It was there in 1920.

Q. It was there in 1920? Well then, I want

to take your own calculation as you put it to Mr.

Heward just a little while ago. By your deductions

you deduce that the write-up by reason of the

appraisal of 1920 was not excessive, that there had not been excessive depreciation up to that time.

A. Yes.

Q. All right. Now if we take the insurance

Q. Where you have the book value --

A. The \$18,000,000 includes \$5,887,500.00, but

not 1930 to 1932.

Q. No, I have indicated that.

not.

Q. You have added something more. But

your book value, as you sell it, on the basis.

A. The book value -- that is the book value --

\$18,000,000. It includes the value added to

\$5,887,500.00.

Q. Yes. A. You say that the book

value is on your books, after paying the

\$5,887,500.00, that the book value is

value on a book basis is \$5,887,500.00. You say

someone that with the book value, which includes

write-up arising from the copyright, and to say

that the book value is \$5,887,500.00.

profit.

Q. Well, why do you say it is not a profit

A. Because it is not realized.

Q. Not realized, but it is there? A. Yes.

Q. It was there in 1930.

A. It was there in 1930? Well then, I won

to take your own realization as you put it to me.

Q. But I think you mean to say that

you believe that the write-up by reason of the

copyright is not a profit, but it is

not a profit because of the fact that

it is not

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appraisal as a correct value of the property at this time -- A. Correct value for what purpose ?

Q. A correct value of the property at this time, then there has been an increment in the value of the property since 1920 to the extent of approximately \$17,000,000. A. No.

Q. Why not ? A. Since 1920 ? Will you put the question again ?

Q. If we take the insurance appraisal as a correct value of the property at this time, then there has been an increment in the value of the property since 1920 to the extent of approximately \$17,000,000 ? A. No, I do not see how you arrive at \$17,000,000. That is my difficulty.

Q. Mr. Howson makes it quite clear on page 7 of Exhibit 917, how he arrives at it. A. Yes.

Q. Now you have said in your evidence: None of that took place prior to 1920; I am satisfied about that ? A. Yes.

Q. That there was no excess depreciation prior to that time ? A. Yes.

Q. Then we come along to 1936 and we find that the property has an appraised value of \$22,183,633 .

A. Yes.

Q. In 1936. A. Yes.

Q. Now assuming that is the value of the property now, Mr. Howson in his statement shows that the unabsorbed book value of the fixed assets is \$4,917,000. A. Yes.

appraised as a correct value of the property at this time -- A. Correct value for what purpose?
Q. A correct value of the property at this time, then there has been an increment in the value of the property since 1950 to the extent of approximately \$17,000,000. A. No.
Q. Why not? A. Since 1950? Will you put the question again?
Q. If we take the insurance appraisal as a correct value of the property at this time, then there has been an increment in the value of the property since 1950 to the extent of approximately \$17,000,000? A. No, I do not see how you arrive at \$17,000,000. That is my difficulty.
Q. Mr. Hanson makes it quite clear on page 7 of Exhibit 77, how he arrives at it. A. Yes.
Q. Now you have said in your evidence that of that took place prior to 1950; I am satisfied that? A. Yes.
Q. That there was no excess depreciation prior to that time? A. Yes.
Q. Then we come along to 1950 and we find that the property has an appraised value of \$28,385,623. A. Yes.
Q. In 1953. A. Yes.
Q. Now assuming that is the value of the property then, Mr. Hanson is his statement that the appraised book value of the fixed assets is \$4,517,000.

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Q. That has not yet been written off by depreciation, and his statement shows the difference is \$17,000,000.

A. The difference between \$4,900,000 and \$22,000,000 ?

5 Q. Is \$17,000,000.

A. Yes.

Q. Now if the property has the value of the \$22,000,000 now, and there is on the books an unabsorbed value of \$4,917,000, then it has been over-depreciated or else reconstructed out of profits to the extent of \$17,000,000.

10 A. By no means. Perhaps we had better go back to 1920. The cost value of the assets in 1920 was \$12,000,000. Since then there has been an additional investment of cash of \$16,000,000, leaving the cost value of the assets at \$28,000,000 at the present time.

15 Q. But that has been depreciated in the meantime?

A. Yes.

Q. All right, go on.

20 A. Taking the picture as a whole, I would like to use the figures on page 4 because I believe they are correct.

Q. Page 4 of what ?

A. Of my figures.

Q. I cannot deal with your figures and my figures. You must, if you are going to contend that my conclusions are wrong, use my figures and not your own.

25 A. All right.

Q. Because we differ there.

A. All right.

Q. You are doing some figuring. Have you arrived at something ?

30 A. It is not very helpful.

Q. Not very helpful, all right, we will do the

That has not yet been written off by

1,000,000,000 and 1,000,000,000

1. Now if the property is a part of the

4. But what has been demonstrated in this research

3. All right, go on. 4. Taking the

picture as a whole, I would like to use the figures

on page 4 because I believe they are correct.

TO THE IT YR TO .A 9 J M W TO A O B N G .D

and Bureau of Prisons, New York, dated May 19, 1960.

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best we can.

A. The \$4,917,000 which Mr. Howson shows as the unabsorbed portion of the cost value, taken from the \$22,000,000 of appraisal, leaves the difference of \$17,000,000, which you have referred to.

Q. Yes ?

A. Now if the \$4,917,000 is in fact the depreciated cost value, then our books show that we have to-day against a net book value of \$18,000,000, \$4,900,000 of depreciated cost, the balance representing the write-up. We wrote into our books approximately \$10,000,000 in 1920, which was there then, which is still in the book values, which may still exist. We do not know whether it exists or not. But we cannot compare, on the one hand, depreciated cost, which is one thing, and on the other hand an insurance appraisal which has no relation to depreciated cost and which includes not only depreciated cost but includes the undetermined increment.

Q. You are just evading my question.

BY THE COMMISSIONER: Q. According to the witness, the only difference between the insurance appraisal and this other value is an undetermined increment. What is the undetermined increment ?

Tell me that.

A. We do not know, my lord. In 1920 we made an appraisal and found there was an increment over our costs of \$10,000,000.

Q. You found a real value of \$10,000,000 more ?

A. Yes. Mr. McRuer is taking the value of our cost

over the year.

A. The \$1,917,000 which Mr. Johnson gave us the unadjusted position of the book value, taken from the \$2,000,000 of estimated, leaves the difference of \$17,000,000, which you have referred to.

Yes?

A.

Now if the \$1,917,000 is in fact the depreciated cost value, then our books show that we have to-day against a net book value of \$18,000,000, \$2,000,000 of depreciated cost, the balance representing the written-up. We wrote into our books against the \$18,000,000 in 1920, which was there then, which is still in the book value, and which still exists. We do not know whether it exists or not. But we cannot compare on the one hand, depreciated cost, which is one thing, and on the other hand an insurance capital which has no relation to depreciated cost and which includes not only depreciated cost but includes the undepreciated investment.

Yes, you are asking my question.

Q. Now, the only difference between the insurance capital and the other value is an undepreciated investment. What is the undepreciated investment?

A.

We do not know, my friend. In 1920 we made an estimate and found there was an investment over our costs of \$10,000,000. We found a real value of \$10,000,000 more is taking the value of our

before adding that \$10,000,000, and trying to compare it to the insurance appraisal to-day, which presumably still contains more or less all of that \$10,000,000, and naturally he arrives at a very wide spread.

5 BY MR. McRUER: Q. You see the point is this. With Mr. Howson we start first at what the books show. Then we go forward to 1936 and see the situation to-day, and then we say how much you have depreciated, and we say, notwithstanding the fact that 10 you have depreciated it down to \$4,917,000 you still have a plant there that is valued at \$22,183,000 ?

A. Yes.

Q. All right. Now you say, in your statement there was no excessive depreciation. A. Yes.

15 Q. Between 1905 and 1920. I carry it through and say if there is excessive depreciation to the extent of \$17,000,000, then on your statement it must have taken place since 1920. A. My answer to that is that if \$22,000,000 is a fair value in 20 1936, which I do not admit.--

BY THE COMMISSIONER: Q. Which you do not admit ? A. Which I do not admit; I admit it should be reasonably close, but it is an insurance appraisal. It is no more than a list of 25 the maximum insurable values of the plant, and it is not made in a manner which should entitle it to admission in an inquiry of this sort, particularly where the question of profits is involved.

30 BY MR. McRUER: Q. You say it is reasonably close ? A. I think it is perhaps \$4,000,000

...and naturally he arrives at a very wide spread.
...it to the insurance appraisal to-day, which presents
...still contains more or less all of that \$10,000,000
...and naturally he arrives at a very wide spread.

BY MR. McBRIDE: Q. You see the point is this
...with Mr. Brown we start first at what the books
...tion to-day, and then we say how much you have de-
...preciated, and we say, notwithstanding the fact that
...you have depreciated it down to \$4,217,000 you
...still have a plant there that is valued at \$12,183,000

A. Yes.
Q. All right. Now you say in your statement
...there was no excessive depreciation. A. Yes.
Q. Between 1905 and 1930. I carry it through
...and say if there is excessive depreciation to the
...extent of \$17,000,000, then on your statement it
...must have taken place since 1930. A. My answer
...to that is that if \$22,000,000 is a fair value in
...1930, which I do not admit--

BY THE COMMISSIONER: Q. When you do not
...admit? A. Which I do not admit; I admit
...it should be reasonably close, but it is an in-
...the maximum insurable values of the plant, and it
...made in a manner which should entitle it to
...valuation in an inquiry of this sort, particularly
...where the question of profits is involved.

MR. McBRIDE: Q. You say it is reasonable
...A. I think it is perhaps \$4,000,000

out, because I think the books are right.

Q. You evidently are wedded to sticking by the books.

A. I hate to leave them until I find some way of coming back.

5 Q. What steps have you taken to inquire from the company what their actual value is to-day?

A. I have not inquired beyond knowing the facts which have already been put before the Commission.

Q. Did you look at the insurance appraisal?

10 A. Yes.

Q. And if you were on an arbitration between Dominion Textile and the insurance company, and you were on oath, you would maintain, if you were retained by Dominion Textile Company, that this was \$4,000,000 out.

15 A. In what sort of a case?

Q. In a claim against the insurance company.

A. I do not think that that is quite a question I can answer --

20 Q. See if I can give you one answer.

MR. HEWARD: Let him complete his answer.

MR. McRUER: Certainly.

25 THE WITNESS: If a case arose where Dominion Textile should have a dispute with the insurance company as to the value of something destroyed by fire, then presumably there would be no difficulty in arriving at that value because the insurance company has before hand taken the precaution of saying how much it would consider that asset to be worth.

30 THE COMMISSIONER: It is not as simple as all that. If insurance law were as simple as that,

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out, because I think the books are 1944.

.. You evidently are wedged to stick to the books.

.. I hope to have them made.

.. I have not inquired beyond knowing the fact which you stated that the books are 1944.

.. And if you were on an expedition between Dominion Textiles and the insurance company, and you were not, you would maintain it, you were not by Dominion Textile Company. That is what I, too, am saying.

.. In the light of the insurance company, I do not think that that is quite a question I can answer --

.. See if I can give you one answer.

.. That is what I am saying.

.. The fact is that the books are 1944.

.. The fact is that the books are 1944.

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there would not be any litigation.

5 BY THE COMMISSIONER: Q. Was this insurance arrived at under the law of the province of Quebec or under a dominion statute? A. It is insurance of the Factory Mutuels of New England.

10 THE COMMISSIONER: There are various insurance acts. The long and short of it appears to be this. An appraisal is made, but if a fire occurs, the most that the insured can recover is his actual loss. The company's plant may have depreciated very greatly in value since the insurance appraisal, and while the insured paid premiums on a certain value at the time of the contract, in case of a fire he can only recover his actual loss, which may be much less than the original value set. Assuming I am right, and I think I am, put your question again now, Mr. McRuer -- supposing a fire occurred to-day.

20 BY MR. McRUER: Q. If a fire occurred to-day would you say if you were an accountant, with all your knowledge of Dominion Textile Company's affairs, or would you contend in an arbitration if you were employed by the Dominion Textile Company, that this insurance appraisal overstates the value of the properties for that purpose by \$4,000,000?

25 A. Not for that purpose.

30 THE COMMISSIONER: Just a moment. Sometimes in an insurance policy the parties agree that in the case of a fire there shall not be any dispute

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there would be any litigation.

BY THE COMMISSIONER: Q. And this insurance

arrived at under the law of the province of Ontario

under a Dominion statute?

A. It is

insurance of the factory, which is now insured

under the law of the province of Ontario.

Q. The law of the province of Ontario

is applicable in this case, but it is not

the case that the insured can recover in this

actual loss. The company's plant may have been

destroyed very greatly in value, but the insurance

company, and while the insured is claiming on

a certain value at the time of the contract, in

case of a fire he can only recover his actual loss

which may be much less than the original value of

the property. I am right, am I not?

A. Yes, I am right.

Q. It is a fire occurred to-day.

A. Yes, it is a fire occurred to-day.

Q. Would you say if you were an accountant, with all

your knowledge of Dominion Textile Company's affairs

or would you contend in an affidavit or in the

affidavit of the Dominion Textile Company, that the

company was not insured under the law of the

province of Ontario?

A. Yes, I am right.

Q. The insurance policy the parties have filed

the case of a fire then

but that the value shall be so and so. Is this a case of that kind?

MR. McRUER: I do not know.

5 THE COMMISSIONER: We are talking about an insurance policy, and I think we ought to know more about it. Who made it?

MR. McRUER: We should be able to get it from Mr. Gordon's office.

10 THE COMMISSIONER: I think Mr. Gordon ought to know.

15 MR. McRUER: This morning Mr. Gordon would not say but what he regarded the properties to be worth that much. I put that question to him, and if they are not worth that much, we should hear it from Mr. Gordon, but he would not say so.

MR. HEWARD: He would not say no.

20 MR. McRUER: Oh no. If Mr. Gordon wants to say now that the properties are not worth the amount set out in the insurance appraisal, we would like to hear it.

MR. GORDON: I think my answer this morning was as far as I could go, my lord.

25 THE COMMISSIONER: I do not remember what he said this morning.

MR. McRUER: He said he was not prepared to say they were not worth as much as set out in the insurance appraisal.

THE COMMISSIONER: Or that they were?

30 MR. HEWARD: He did not know; that is what he said.

case of that kind?

MR. MURPHY: I do not know.

THE COMMISSIONER: We are talking about an

insurance policy, and I think we ought to know more

about it. Who made it?

MR. MURPHY: We should be able to get it from

Mr. Gordon's office.

THE COMMISSIONER: I think Mr. Gordon ought to

MR. MURPHY: This morning Mr. Gordon would

not say but what he regarded the properties to be

worth that much. I put that question to him, and

if they are not worth the amount, we should hear it

from Mr. Gordon, but he would not say so.

MR. MURPHY: He would not say so.

MR. MURPHY: Oh no. If Mr. Gordon wants to

say now that the properties are not worth the amount

set out in the insurance policy, we would like

to hear it.

MR. MURPHY: I think my answer this morning

was as far as I could go, my lord.

THE COMMISSIONER: I do not remember what he

said this morning.

MR. MURPHY: He said he was not prepared to

say that the properties were not worth the amount

THE COMMISSIONER: Or that they were?

MR. MURPHY: He did not know; that is what he

BY MR. McRUER: Q. I put this to you, Mr. Glassco. If the government were expropriating all these properties, would you contend they were not worth \$22,183,633 ? A. I think my answer would have to be, I do not know.

Q. Oh well, Mr. Howson seems to have gone a little further than you.

THE COMMISSIONER: Mr. Glassco has not made any valuation, but he has arrived at certain results by taking certain valuations which he chose to take, and Mr. Howson took certain valuations which he chose to take. The question is what values am I going to take .

MR. McRUER: I want to see how much difference there is.

THE COMMISSIONER: You can go on forever when you start from two different bases, and you will never arrive at an agreement.

BY MR. McRUER: Q. Coming back to the depreciating value of the property, Mr. Howson arrives at the figure of \$4,917,904 ? A. Yes.

Q. If the value to-day is \$22,000,000, then the difference is absorbed either by increment in values or by writing -- A. By over-depreciation.

Q. By over-depreciation, or by charging betterments and repairs. A. Equivalent to over depreciation.

Q. If we take your statement that there was no over-depreciation up to 1920, and we find this situation existing to-day, in view of the fact that

replacement costs have dropped by 40 per cent since 1920, then there must have been a large over-depreciation. A. I do not know that replacement costs have dropped by over 40 per cent.

5 THE COMMISSIONER: Where do we get that?

MR. McRUER: Mr. Howson got it from the Bureau of Statistics.

THE WITNESS: Replacement costs of cotton machinery and plants?

10 MR. McRUER: Of building construction.

THE WITNESS: That is a very minor part of it.

BY MR. McRUER: Q. You have made no inquiry to check on that? A. As far as I can.

15 Q. You checked up to see what replacement costs of machinery were before 1905 and 1920, but you did not check to see what replacement costs were from 1920 to 1936. A. Unfortunately my table stopped at 1924, but I could carry that on

20 Q. We can probably get a table that will work it out. A. Yes.

Q. But if replacement costs have dropped since 1920, and if this increment has, as you apparently put it, occurred since 1920, then there ~~have~~^{has} been a large over-depreciation. A. There has been over-depreciation based on the extent to which replacement costs have dropped and depending upon at what stage of the price cycle the company made their additions of \$16,000,000 between 1920 and 1936.

30 by the commissioner: Q. What?

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1930, then there must have been a large
reimbursement costs have been by 40 per cent
depreciation.

There is no question of
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5 A. Depending at what price level machinery and
other things were at the particular dates when they
made the additional investments of \$16,000,000 in
fixed assets between 1920 and 1936. In other words,
what you start off with, basing it still on Mr.
Howson's figures, \$4,917,600, or roughly \$5,000,000,
you have \$22,000,000 which might be made up of
\$5,000,000 of undepreciated costs and \$17,000,000
of increments, or it might be the reverse; it might
10 be \$17,000,000 of undepreciated costs and \$5,000,000
of increments. I cannot say.

BY MR. McRUER: Q. But if their buildings
were added to at a time when costs were higher than
the
they were in 1936, that increased/amount of
15 excessive depreciation? A. No, I do not
think that follows.

Q. Oh yes. If we find their book values now,
that is their depreciated book values, \$4,675,000,
that is worked out on the basis of cost.
20

A. You mean \$4,917,000?

Q. Yes. A. We differ as to that,
Mr. McRuér.

Q. I know we differ, but after all the
unabsorbed value is worked out from the books on the
25 basis of cost. A. Yes.

Q. Subject to the original difference?

A. Yes.

Q. And then if you have that worked out in that
30 way, if they have added to the value at times when
values were higher than they are in 1936, you still

Dependence of wet price level machinery and

of 200,000,000 to strengthen financial institutions and the

You have 422,000,000 which might be made up of

000,000,712 has also been changed to 000,000,000.

Вопрос: Какое значение имеет для вас участие в общественной жизни?

Q. Yes. If we find their book values now,

that is their appreciated book values, \$4,875,000, 000,275,48

that is worked out on the basis of cost.

4. LOYALTY AND SECURITY - 1,500,000

You . . . A

... I know we differ, but let us all the

the carpet while it worked out from the books on the

Added to the original difference

2. And then if you have that worked out in the

and the 12.5% increase in the number of people with a college degree.

LEUNG NGY, Director, Hong Kong Hospital Authority

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Glassco

have the value of \$22,000,000 there in 1926, and that simply aggravates the allegation that there has been over-depreciation. A. No.

5 Q. Why does it not? A. Because until you establish the fact that there has been over-depreciation, I cannot say that any circumstance increased or decreased the extent of such over-depreciation. I do not know the over-depreciation exists.

10 Q. May we take it this way? You as the accountant for this company, having investigated its affairs in a minor way, or say within the scope of such inquiry as you made in the Price Spreads investigation, having been retained by them for the purpose of this inquiry, you cannot tell us how much depreciation was required, and how much they took that was not required? A. I would need three months.

20 Q. You have had more than that. We started this inquiry last February.

MR. BALLANTYNE: We did not have Mr. Howson's statement then.

25 THE WITNESS: This question arose comparatively recently.

MR. McRUER: You were retained in this matter before July.

THE WITNESS: I believe not, sir.

MR. McRUER: Your firm was.

30 MR. NASH: No.

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MR. GORDON: Only about three weeks ago.

MR. McRUER: I can ask Mr. Nash when I get him in the box.

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-- The Commission adjourned for a short recess.

-- On resuming:

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THE COMMISSIONER: Mr. McRuér, on this matter of values and the insurance appraisal, is there any evidence of how the appraisal was made? Was an itemized appraisal worked out as it often done by appraisal companies?

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MR. McRUER: It think so. I think we can have the appraisal filed. You can send that to us, Mr. Gordon, can you?

MR. GORDON: Yes, sir.

20

BY MR. McRUER: Q. Now, Mr. Glassco, you said you had a table in regard to the increase in the values of machinery. Have you got that?

A. Yes.

25

Q. Where does it come from? A. It comes from the Year Book of the National Association of Cotton Manufacturers.

Q. What date? A. Manual of 1924.

30

Q. Probably we can get the Year Book of 1936 from the same people. A. I have searched for it but the later books do not contain any information of that sort that I have been able to find. The particular table is called: Cost of

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Q. Now, this is the same table?

A. Yes, I can see Mr. Nash when I get him

in the box.

-- The Commission adjourned for a short recess.

-- On resuming:

THE COMMISSIONER: Mr. Nash, on this matter

of values and the insurance appraisal, is there any

evidence of how the appraisal was made? Was an

appraisal made?

Mr. Nash: I think so. I think we can have

the appraisal filed. You can send that to us, Mr.

Gordon, can you?

BY MR. NASH: A. Now, Mr. Chairman, you

said you had a table in regard to the increase in

the values of machinery. Have you got that?

A. Yes.

Q. Where does it come from?

A. It comes from the Year Book of the National Association

of Cotton Manufacturers.

Q. What date?

A. I have a copy of it.

from the same people.

for it but the later books do not contain any

information. I have a copy of it.

The particular table is called: Cost of

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principal machines in Cotton Manufacturing Equipment,
compiled by Green & Company Incorporated.

5 Q. Cost of principal machines? A. There
is another table on the next page as to the cost
per spindle of equipping a plant.

Q. Is this in England? A. New England.

Q. Oh, this is in the United States? A. Yes.

10 Q. The Dominion Textile Company did not furnish you with any comparative figures as to the cost
per spindle from their experience at different times?

A. No, they gave me certain costs of typical
machinery, but I do not think they have worked it
out on a per spindle basis.

15 Q. I can think we can come down to this.
We quarrel, or we are wide apart on one or two items,
but if the plant is worth \$22,000,000 to-day, then
on your basis of taking in \$10,000,000 of the write-
up by the appraisal company -- their figure would be
\$10,000,000 of a write-up on the book value, was it?

20 A. Yes.

Q. Did that include the \$2,094,000 excess?

A. Yes, that was a write-up over the book value
including the \$2,094,000.

25 Q. So that the appraisal really raised it
\$12,000,000 over what the syndicate paid for it.

A. If you choose to ignore the \$2,094,000, yes.

Q. I thought I was taking it in. A. No.

30 Q. There was \$10,000,000 -- A. Let me
put it this way. What is stated on the books in

compiled by Green & Company Incorporated.

Q. Cost of principal machines? A. There

is another table on the next page as to the cost

per spindle of each of the plant.

Q. Is this in England? A. New England.

Q. Or, this is in the United States? A. Yes.

Q. The Dominion Textile Company did not have

with you with any comparative figures as to the cost

per spindle from their experience at different times

A. No, they gave me certain costs of typical

machinery, but I do not think they have worked it

out on a per spindle basis.

Q. I am thinking we can come down to this.

A. Quoted, or we are wide apart on one or two items

but if the plant is worth \$25,000,000 to-day, then

on your basis of taking in \$10,000,000 of the written

up by the appraiser company -- their figures would be

\$10,000,000 of a write-up on the book value, was it

A. Yes.

Q. Did that include the \$2,094,000 excess?

A. Yes, that was a write-up over the book value

including the \$2,094,000.

Q. So that the appraiser really raised it

and, and that was the \$2,094,000, yes?

A. If you choose to ignore the \$2,094,000, yes.

Q. I thought I was taking it in. A. No.

Q. There was \$10,000,000 -- A. But as

out it this way. What is stated on the books in

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1920 at approximately \$12,000,000, \$2,000,000 of that represented the value which I have attributed to the common stock.

5 Q. Yes? A. The appraisal said: The assets are worth \$22,000,000.

Q. Yes, they raised it \$10,000,000. A. They raised it \$10,000,000.

10 Q. Yes, all right. Now if you start with the appraised value of \$22,000,000 in 1920, and they still have the value of \$22,000,000 in 1936, how much was the depreciation written off and how much was charged to betterments in that time? I want to give you every benefit of the doubt now, and see what we have.

15 A. What is the question?

Q. How much is charged to depreciation and how much to betterments that is written off out of profits to depreciation or betterments?

A. \$17,455,000 odd.

20 BY MR. HEWARD: Q. Since when? A. Since 1920.

BY MR. McRUER: Q. Can I not rather confirm Mr. Howson's figure very summarily? In 1920 the appraisers said the plant was worth \$22,000,000.

25 A. Yes.

Q. If it worth \$22,000,000 in 1936, and they have written off \$17,455,000 to depreciation and betterments, it has been over-depreciated and bettered out of profits.

30 A. But you ignore the additions in the period which total \$16,849,000.

1940 at approximately \$1,000,000. I have indicated that represented the value which I have attributed to the common stock.

Q. Yes. The common stock: The assets are worth \$2,000,000.

A. Yes, and valued at \$10,000,000. I have valued it at \$10,000,000.

A. Yes, all right. Now I am going to state that the

appreciated value of \$10,000,000 in 1940, and that

still are the value of \$10,000,000 in 1950, now

and the depreciation written off and how much

was charged to depreciation in that year? I want to

give you every part of the record now, and see

what we have. A. What is the question?

A. Now which is charged to depreciation and how

much to depreciation? It is written off out of

profits to depreciation or depreciation?

A. \$1,432,000 odd.

Q. Since when? A. Since when?

BY MR. McLEOD: Q. Now I am going to ask you

Mr. McLeod's figure very approximately: In 1940

the corporation said the plant was worth \$1,000,000.

A. Yes.

A. It is worth \$1,000,000 in 1940, and they

have written off \$1,432,000 to depreciation and

it has been over-depreciated and better

it is. A. But you have the \$1,432,000.

It is the price which was \$1,432,000.

Q. Additions to what ? A. Additions to plant, capital expenditures in cash.

Q. How much ? A. \$16,849,000 odd.

They have added \$16,849,000 and they have depreciated \$17,455,000 between 1920 and 1936.

Q. How much of that added was charged to profits ? A. None.

Q. None ? A. None.

Q. How much in the way of betterments over the period was charged to profits ? A. None of that amount.

Q. I say how much was the amount charged to betterments out of profits ? A. Charged to betterments out of profits ?

Q. Yes. A. I do not think there was any. I think all the write-offs in that period were written as depreciation.

Q. As depreciation ? A. Yes.

Q. Now I want to read to you what this company said about itself in the light of what you have said to-day, and then see what you wish to say about it. In Exhibit 329, the company says:

"Over a period of fifteen years, the physical assets acquired in 1905, and worth approximately \$11,000,000 at that time, had been doubled in value through a steady program of --"

Now here is what it says:

"-- had been doubled in value through a steady program of yearly replacements and betterments

Q. Addition to what?

A. Addition to what?

Q. To what?

A. To what?

Q. How much?

A. \$16,849,000 odd.

Q. They have added \$16,849,000 and they have deducted \$17,488,000 between 1960 and 1965.

Q. How much of that added was carried to profits?

A. None.

Q. None?

A. None.

Q. How much in the way of depreciation over the period was charged to profits?

A. None of the amount.

Q. I say how much was the amount charged to depreciation out of profits?

A. Charged to depreciation out of profits?

Q. Yes.

A. I do not think there was any. I think all the write-offs in that period were written as depreciation.

Q. Is depreciation?

A. Yes.

Q. Now I want to read to you what this company said about itself in the light of what you have said to-day, and then see what you wish to say about it. In Exhibit 329, the company says:

'For a period of fifteen years, the physical assets acquired in 1965, and worth approximately \$17,488,000, and the depreciation on these assets was approximately \$16,849,000, and the company says:--

'-- has been found to be in the light of a steady program of yearly replacements and betterments

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combined with the natural appreciation in values of all kinds between 1905 and 1920."

Q. Did you ask the company to tell you how much of that was yearly replacements and betterments ?

A. Yes.

Q. How much was it ? A. I cannot tell you from memory. I can tell by looking at it. But everything that was said to be betterments and yearly replacements is included in the figures of what I have called depreciations and write-offs which I have shown.

Q. Here the company makes this statement. Now you said there was no excessive depreciation between 1905 and 1920?

A. Yes.

Q. Now the company has told us itself that they have been able to double the value of the plant in three ways, by three things: (1) Yearly replacements; (2) Betterments; (3) combined with the natural appreciation in values. There are three things which the company has told us about, and when they published this statement they must have known what they were.

A. I think it is only fair to say that as far as I know this calculation as to the adequacy of the depreciation up to 1920 was never made before we made it for the purpose of explaining it to this Commission.

Q. Did they tell you they did not know what they were talking about when they wrote this ?

A. They advised that they had no records which would

combined with the normal appreciation in value
of all kinds between 1905 and 1930."

Q. That was yearly replacement and depreciation?
A. Yes.

Q. Now from memory, I can tell by looking at it,
but everything that was said to be between 1905 and
yearly replacement is included in the figure of
what I have called depreciation and write-offs
which I have shown.

Q. Here the company makes this statement.
Now you said there was no general depreciation
between 1905 and 1930.

A. Now the company has told us itself that
they have been able to handle the value of the
plant in three ways, by three things: (1) Yearly
replacement; (2) Depreciation; (3) Write-offs.
The normal appreciation in value. There are three
things which the company has told us about, and
when they published their statement they must have
known what they were.

Q. I think it is
only fair to say that as far as I know that certainly
tion as to the adequacy of the depreciation up to
1930 was never made before we made it for the first
time.

Q. Did they tell you that this is now what
they were talking about when they wrote this?
A. They advised that they had no reason which

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indicate the adequacy up to that date.

Q. And yet they published this statement and mailed it to the shareholders of the company?

(Page 13815 follows)

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include the agency in its report.

4. And yet they published the statement.

referred to the shareholders of the company.

(From the report)

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Q. Let us go on: "The last balance sheet of the original Company, March 31, 1923, showed the Land, Buildings and Machinery at a net value of \$13,003,120.42. The first Balance Sheet of the new 1922 Company, March 31, 1924, carried these fixed assets at \$20,178,023.65, giving closer effect to the actual appraisal values represented in the Company's holdings of Land, Buildings and Machinery."

Now, down at the foot of the page: "Creation of Additional Values: It is not difficult to trace the step-by-step building up of additional values."

It says there it is not difficult to trace that?

A. That is a matter of opinion.

"The Company's Balance Sheet as at March 31, 1924, shows that \$5,390,002.90 had been put back into the Company through reinvested profits, the greater part of which would naturally be represented in additions to plant and equipment. It is important to point out that these profits were arrived at only after full provision was made out of earnings for depreciation and obsolescence of plant and machinery."

Now, they say they made annual depreciation.

"The Effective Depreciation written off over the period to 1924 amounted to \$9,400,156.43, which was more than sufficient to take care of actual wear and tear and to cover, as well, capital

Let us go on: "The last balance sheet of the original company, March 31, 1934, showed the land, buildings and machinery at a net value of \$18,008,150.42. The first balance sheet of the new 1934 company, March 31, 1934, carried these fixed assets at \$20,173,033.63, giving close effect to the actual appraisal values represented in the company's holdings of land, buildings and machinery."

Now, down at the foot of the page: "Creation of Additional Values: It is not difficult to trace the step-by-step building up of additional values. It says there it is not difficult to trace that."

A. That is a matter of opinion.

"The company's Balance Sheet as at March 31, 1934, shows that \$5,880,000.00 had been put back into the company through reinvested profits, the greater part of which would naturally be represented in additions to plant and equipment. It is important to point out that these profits were arrived at only after full provision was made out of earnings for depreciation and obsolescence of plant and machinery."

Now, they say they made annual depreciation.

"The Effective Depreciation written out over the period to 1934 amounted to \$2,400,168.43, which was less than sufficient to cover, as well, capital wear and tear and to cover, as well, capital

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losses, amounting to \$540,895.85."

Now, they say that the depreciation was more than sufficient to cover wear and tear. Have you investigated to find out from them how much more it was

5 or--- A. I think it might help us if we considered just how that can be done. The only basis which is of any value in determining whether over depreciation has in fact taken place is to investigate the physical condition of the assets. That means making a de-

10 tailed inspection of the items machine by machine, finding out how old they are, what their probable remaining life is and doing the same sort of a job that was done in 1920.

15 When you have done all you can to arrive at a percentage of the physical life which has been consumed through operations and you then have a yard stick against which you can measure the proportion or the percentage accumulated off the depreciation. Until you do that

20 I do not know of any method where you can accurately say by what amount the depreciation is excessive or inadequate.

Q. The only thing they have said it. They
25 publish a statement to the shareholders that went out after the Price Spreads Inquiry I presume for the consumption of the public and I just want to know if you are prepared to say whether it is accurate or inaccurate?

30 A. I cannot express an opinion upon it because I don't know. I think I have just said that I don't know.

losses, amounting to \$410,485.55.

Now, they say that the depreciation was more than

sufficient to cover wear and tear. Have you in-

vestigated to find out how much more it was

of that now that can be done. The only basis which

of any value in determining whether over depreciation

has in fact taken place is to investigate the physical

condition of the assets. That means making a de-

tailed inspection of the items machine by machine, to

out how old they are, what their probable remaining

is and doing the same sort of a job that was done in

when you have done all you can to arrive at a percentage

of the physical life which has been consumed through

operations and you then have a yard stick against which

you can measure the proportion of the percentage

accumulated off the depreciation. Until you do that

I do not know of any method where you can accurately

say by what amount the depreciation is excessive or

inadequate.

The only thing that may save the day

publish a statement to the shareholders that went on

consumption of the public and I just want to know if

you are prepared to say whether it is excessive or

I don't know. I think I have just said

I don't know.

I don't know.

I don't know.

I don't know.

Q. Then we will go on. Now, your whole principle, Mr. Glasco, is this: In calculating the capital of the Company on which you have estimated the amount of the earnings in percent is to take what the shareholder has there and work out the earnings on that?

A. I take it two ways. I take, first of all, what the shareholder has put in plus what he has left in and I get one set of percentages which I say are the earnings on the cost value. I then take what he puts in plus what he has left in and add what you said was additional earning capital profit, resulting from appraisal. I relate then the earnings and you have figure which is indicated as being the value of what he owned.

A. Now, I just want to get the value of your whole calculation in a tariff inquiry. This group that got together of about 18 men and put up \$500,000 in 1905, incorporated a company known as the Dominion Textile Company Limited by bringing together four companies that had been in competition, they eliminated the competitive feature. Mr. Holt has told us that one of the reasons why it was successful thereafter - there was at that time a protective tariff in Canada that was a legal interference with the consumer in his free right to buy at the lowest price. Now, I want you to follow the exact situation? A. Yes.

Q. The protective tariff gave the combined companies operating as one company the right to charge for their

Q. Now, in calculating the capital of the company on which you have estimated the earnings in percent is to take what the shareholder has there and work out the earnings on that?

A. I take it two ways. I take, first of all, what the shareholder has put in plus what he has left in and I get one set of percentages which I say are the earnings on the cost value. I then take what he has left in and add what you said was

additional earning capital profit, resulting from appraisal. I relate then the earnings and you have figures which are percentages on the value of the company.

Q. Now, I just want to get the value of your calculation in a tariff inquiry. This group that got together of about 18 men and put up \$300,000 in 1905, incorporated a company known as the Dominion Textile Company Limited by bringing together four companies that had been in competition, they eliminated the competitive feature. Mr. Holt has told us that one of the reasons why it was successful thereafter -

that was a legal interference with the contract in that they had the right to buy at the lowest price. Now, I want to know the exact situation?

A. Yes. The protective tariff gave the combined company operating as one company the right to charge for their

product up to the amount of importation from abroad
subject to any internal competition there would be.
Now, that was the situation. Now, these men starting
to operate the company at that time made money and
5 drew out on the stock, either they or their successors,
\$14,000,000 in thirty years, but they left in the
company because no doubt they thought it was profitable
to do so, funds that accumulated out of the profits
of the Company and the value of the company's assets
10 grew in that period and now your calculations say
that because our company has been very prosperous and
built up great riches in its treasures, we still must
have sufficient to pay us a return on the profits so
15 got. It all boils down to that? A. That is
putting it a little more broadly than I would choose
to.

Q. Well, where would you contract it? A. As to
20 the method and as to the implication?

Q. No, as to the result -- This whole exhibit
is built on that basis - we have been profitable in
the past, we have got great riches in the company
and now, look, we can only get after that investment
25 5% or whatever it is, irrespective of how it was built
up?

A. I feel that in producing any evidence
which can be of value in a tariff inquiry you must make
a distinction between the company and its shareholders.
30 I think that is the whole story of Dominion Textiles
is to be told it should not start in 1905.

subject to any internal competition there would be
and, that was the situation. Now, those men thought
to operate the company at that time made money and
grew out on the stock, either they or their successors
\$14,000,000 in thirty years, but they left in the
company because no doubt they thought it was profitable
to do so, things that accumulated out of the profits
of the company and the value of the company's assets
grew in that period and now your calculations say
that because our company has been very prosperous and
built up great riches in its treasury, we still must
have sufficient to pay us a return on the profits we
got. It all boils down to that? A. That is
putting it a little more strongly than I would choose
to.
... All, where would you contrast it? A. As to
the return and as to the liquidation?
... No, as to the result -- with some money
is built on that basis -- we have been profitable in
the past, we have got great riches in the company
and now, look, we can only get after that investment
... I feel that in producing any evidence
... of value in a tariff inquiry you must show
... of British industry

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It should go back to the day when the mills were built, which may be 1880.

Q. We have gone back that far. I have not overlooked anything. We found there was some bonus stock behind there?

A. The fact of coming into the transaction which occurred in 1905 and saying a certain group of individuals purchased the shares of certain companies from other individuals that made a profit has not very much to do with the value of the assets which may be employed in the production of cotton.

Q. No, but I am talking of the values that you have accumulated since 1905?

A. The values accumulated since 1905 are simply as indicated by the books.

If we are going to deal with the position of the original shareholders and if the money they made is of any value, then have not we got to find out when they sold these shares and how much they got. We know---

Q. I am not the slightest bit interested in how much they got or when they sold them or anything else but what I am interested in is the consumer because, you see, that a tariff gives the company a private right of taxation. They have got this private right of taxation and what did they do with the money in the operations of the company. I am not so much concerned that they should get a large profit now

on their invested capital?

A. Well, we have tried to stick to the facts. I have put the position

It should go back to the day when the mills were built
which say 1880.
I have not over-
looked anything. As found there was some bones
stock behind there? A. The fact of coming into
the transaction which occurred in 1903 and saying a
certain group of individuals purchased the shares
of certain companies from other individuals that made
a profit has not very much to do with the value of
the assets which may be employed in the production of
cotton.
4. No, but I am talking of the values that you have
accumulated since 1903? A. The values accumulated
since 1903 are simply as indicated by the books.
If we are going to deal with the position of the
original shareholders and if the money they made is of
any value, then have not we got to find out when they
sold these shares and how much they got. A. Now---
5. I am not the slightest bit interested in how
much they got or when they sold them or anything else
but what I am interested in is the consumer because,
right of taxation. They have got this private right
of taxation and what did they do with the money in
the operations of the company. I am not so much
concerned that they should get a large profit now
A. Well, we have
to the facts. I have put the position

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of the Company in here as closely as I can find it to be at the end of each year. I have related the profits that were earned to the amount of the investment at work in each year, and I am not adducing any argument in respect to tariff. I am only presenting the facts as I found them.

Q. Yes, but the importance of how much the money is earning now, there is some importance in how the money got in there, whether it was put in by outside investments or one that was put in by the consumer over a period of years as profit earned on his purchases. I don't want to lead you into an argument?

A. It seems largely argument.

Q. Well, go to page 2 of Exhibit 1232, just one thing in regard to that. The adjusted earnings in the last column up to 1923 before any new capital was brought in amounted to how much? Oh, we can add those. You don't need to take the time. Take 1933, you had taken out of the adjusted earnings \$1,000,000?

A. Yes.

Q. That \$1,000,000 was not a million dollars that was lost on the operation of a textile company?

THE COMMISSIONER: What page are you?

MR. McRUER: Page 2.

THE COMMISSIONER: Where is the million dollars?

MR. McRUER: See the red figures down there.

The adjusted earnings of that year is shown to be \$614,000 less. They have taken \$1,000,000 out that

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of the Company in here as closely as I can find it
to be at the end of each year. I have related the
profits that were earned to the amount of the invest-
ment at work in each year, and I am not adding any
argument in respect to tariff. I am only presenting
the facts as I found them.

Yes, but the importance of how much the money
is earning now, there is some importance in how the
money got in there, whether it was put in by outside
investments or one that was put in by the company
over a period of years as profit earned on his

It seems largely argument.

Well, go to page 2 of Exhibit 1332, just one

thing in regard to that. The adjusted earnings

in the last column up to 1933 before any new capital

was brought in amounted to how much? Oh, we can add

those. You don't need to take the time. June 1935,

you had taken out of the adjusted earnings \$1,000,000

Yes.

That \$1,000,000 was not a million dollars

that was lost on the operation of a textile company?

THE COMMISSIONER: That page are you?

MR. McROBERT: Page 2.

THE COMMISSIONER: There is the million dollars?

Yes, that was the million dollars.

Adjusted earnings of that year is shown to be

They have taken \$1,000,000 out the

year. The million dollars was the million dollars that was to cover loss on investments? A. Yes.

Q. And the loss on investments rose very largely, did they not, out of investments in pulp and paper stock?

A. I do not know that.

Q. You do not know how they arose? A. No.

Q. They certainly did not arise out of investments in Textile Company?

THE COMMISSIONER: Q. Is there any evidence about the loss out of investments in any particular stock?

A. I am sorry, I don't know.

MR. McRUER: Can you tell us if that is not a fact?

MR. GORDON: No, I cannot tell you off-hand.

We were asked to prepare a statement I think early in the hearing of our portfolio as it stands to-day.

But we have not been asked to prepare it back any time.

MR. McRUER: Is it safe to say that loss did not occur from investment in textile stock?

MR. GORDON: Well, our only large outside investment in textile stock is in the Montreal Cottons and that stock in 1933 had certainly gone down. We had a loss on that but we had losses on other stock as well, not particularly pulp and paper. Maybe in the portfolio but not perhaps to any very great extent.

MR. McRUER: Q. At any rate, it was investment losses and not losses from operation of the business?

A. Quite.

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Q. The million dollars was the million dollars

A. Yes. That was to cover loss on investments?

A. Yes. The loss on the investments was very largely

did they not, out of investments in pulp and paper

A. I do not know that.

A. You do not know on they crossed?

A. They certainly did not arise out of investments

in textile company?

A. Yes, I am not sure, but I think they

the loss out of investments in any particular stock?

A. I am sorry, I don't know.

Q. Now, can you tell us if that is not a

A. Yes, I think so, but I am not sure.

Q. We were asked to prepare a statement I think partly

the meaning of our portfolio as it stands today.

But we have not been asked to prepare it back any

Q. Now, is it safe to say that loss did not

occur from investment in textile stocks?

A. Yes, I think so, but I am not sure.

Q. Textile stock is in the Montreal Cotton and Textile

Q. Yes, I think so, but I am not sure.

Q. But we had losses on other stock as well.

A. Yes, I think so, but I am not sure.

Q. Not particularly pulp and paper?

A. Yes, I think so, but I am not sure.

Q. As far as the investment, it was investment

in the operation of the business.

Q. If you are considering the earnings of the Company in the Textile business it is not fair to take that character of a loss out of the earnings?

5 A. Well, it is quite true that a calculation can be made to show the earnings from manufacturing operations as distinct from revenues ~~on~~ investments. If you do that it becomes necessary to adjust your total invested capital to the invested capital actually employed in your manufacturing operations. That step has not been done. It can be done.

10 Q. I am getting at earnings. You say after all for the purpose of an inquiry such as this it does not make any difference. It would be quite unfair if the Company had made an investment in mining stock, for instance, and had made \$10,000,000 in the last year or last two or three years in mining stock and then come and said "Oh, look what big profits this company has got in the Textile business." That would be a very unfair way of handling it, would not it?

15 A. Quite.

20 Q. So that I think it is just as unfair to take the losses out of the earnings when they occurred?

25 A. Except you suggest that the elimination of those investment losses and profits would materially alter the position.

30 Q. Would alter that column of \$1,000,000?

A. Yes, but that does not amount to very much in the accumulated picture. You have got to take out

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If you are considering the earnings of a company in the textile business it is not fair to that character of a loss out of the earnings? A. Well, it is quite true that a calculation can be made in some cases from the earnings that it becomes necessary to adjust your figures capital to the invested capital actually employed in your manufacturing operations. That step has not been done. It can be done.

A. I am getting at earnings. You say after for the purpose of an inquiry such as this it does not make any difference. It would be quite unfair if we compared the earnings in mining stock for instance, and had perhaps \$1,000,000 in the last year or last two or three years in mining stock and then we had \$1,000,000 in the last year or last two or three years in mining stock, that would be a very unfair way of handling it, would not it? A. Quite.

So that I think it is just as unfair to take the losses out of the earnings when they occurred? A. Except you suggest that the elimination of those losses and gains would be a very unfair thing to do.

Would after that column of \$1,000,000? A. Yes, but that does not amount to very much in the

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the revenue every year from investment if you do that
and the revenue from investments was running at---

Q. It is not often the revenue from investments
earn more than their revenue from operations, though?

A. Well, I can tell you just in a minute what the
revenue from investments was in the last ten years.

In the five years, 1927 to 1931, the revenue from
investments was \$2,255,705.79, and in the succeeding
five years it was \$2,475,109.83. A million dollars
is a loss which you might off-set against the invested
revenue.

Q. Well, just as long as we are clear that you
off-set it against the general earnings? A. Yes, I
do, to get the total position.

Q. I quite agree with you in the manner in which
the statement is made up you had to do it. Now,
I want to go to Exhibit 1230. The first figure
I want to draw your attention to is the mill wages
for the five-year period from 1927 to 1931, \$24,000,000.
Mill wages for the last five-year period dropped about
\$3,000,000? A. Yes, approximately.

Q. Now, I want to take you to the next page.
The mill wages in 1933 per dollar of sales amounted to
34.79? A. Yes.

Q. In 1934 it was 24.57? A. Yes.

Q. The depreciation in 1935 was \$635,572?
A. Yes.

Q. In 1934 the depreciation was \$1,029,418? A. Yes.

the revenue every year from investment if you do that
and the revenue from investments was running at---
Q. It is not often the revenue from investments
earn more than their revenue from operations, is it?
A. Well, I can tell you just in a minute what the
revenue from investments was in the last ten years.
In the five years, 1937 to 1941, the revenue from
investments was \$2,833,700.75, and in the preceding
five years it was \$2,473,100.83. A million dollars
is a loss which you might off-set against the investment.

Q. Well, just as long as we are clear that you
off-set is against the revenue from investments, is it?
Q. I quite agree with you in the manner in which
the statement is made up you had to do it. Now,
I want to go to Exhibit 1230. The first figure
I want to draw your attention to is the mill wages
for the five-year period from 1937 to 1941, \$24,000.
Mill wages for the last five-year period dropped and
\$2,000,000. A. Yes, approximately.

Q. The depreciation in 1937 was \$230,375?
A. Yes.
Q. In 1934 it was \$24,375?
A. Yes.
Q. The depreciation was \$1,030,413? A.

Q. Almost double the previous year and in 1935 it was almost double the previous year, so that apparently no definite law applied as to the depreciation - it seemed to depend on the amount of profit? A. The depreciation was cut from an annual provision of approximately \$1,100,000, which ruled from 1927 to 1930 inclusive. In 1931 to \$635,000, and continued at the lower level through 1932 and 1933, being restored in 1934 to approximately its former level.

Q. Well, it appeared that the depreciation fluctuated according to the profits of the Company?

A. No, not according to the profits.

Q. Well, what was the governing factor in the fluctuations? A. I don't know the reason for the decrease.

Q. Now, the profits were lower in 1932 than they were in 1934, were not they? A. Yes.

Q. And they were just about half in 1932 what they were in 1934 but the depreciation was nearly twice as much, just about the difference, was not it?

A. As between those two years, yes, the differences are approximately equal.

Q. Now, in the year 1934, in that fiscal year, there was a cut in the wages of 10%? A. Yes.

Q. The profits that year were up \$1,286,000 over the previous year - a little more than that?

A. Yes.

Q. And then the profits in 1934, with depreciation

Q. Almost double the previous year and in 1935 it

no definite law applied as to the depreciation - it

seemed to depend on the amount of profits? A. The

depreciation was set from an annual provision of

approximately \$1,100,000, which varied from 1937 to

1939 inclusive. In 1937 to 1939, 1940, and continued

at the lower level through 1941 and 1942, being

restored in 1943 to approximately its former level.

Q. Well, it appeared that the depreciation provision

was according to the profits of the company?

A. No, not according to the profits.

Q. Well, what was the governing factor in the

fluctuation? A. I don't know the reason for the

decrease.

Q. Now, the profits were lower in 1937 than they

were in 1934, were not they? A. Yes.

Q. And they were just about half in 1932 what the

were in 1934 but the depreciation was nearly twice

as much, just about the difference, was not it?

A. As between those two years, yes, the differences

are approximately equal.

Q. Now, in the year 1934, in that fiscal year,

there was a cut in the rates of 1937?

A. The profits that year were up \$1,000,000 over

the previous year - a little more than that?

Q. Now, the profits in 1934, with depreciation

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Glassco

again increased, so that it is up now to \$1,259,932,
were again increased --- No, profits were not increased,
they were down then but depreciation increased? A. Yes.

5 Q. And the profits amounted to .04% and in 1936
+.03% on the common stock equity as you have calculated
it? A. No, on the dollar of sales.

Q. I beg your pardon, on the dollar of sales.
Now, your earnings on common stock equity in those
10 years were how much? A. I have not, -- you mean
taking from this statement?

Q. No, have you not a statement? A. My calcu-
lation as to the earnings is not limited to the common
15 stock, it takes in common and preferred.

Q. All right, give us common and preferred?
A. That is Exhibit 1232 again.

Q. In the year 1934 it was 9.12 %, that is
the earnings on the common stock equity, - 6.5% in
20 1935 and 5.55%? A. Yes.

Q. Now, can you tell me the number of wage-earners
this company had in the period 1930 to 1936, by the
year. We have not got that? A. I am sorry I
25 have not that.

MR. HEWARD: Hours worked, got that.

MR. McRUER: Yes, you gave us something on the hours
worked. We have it in Exhibit 1231. That will do me.
For the five-year period from 1927 to 1931 the hours
30 worked were 88,892,000; 1932 to 1936, 79,345,000.
Now, for those hours of work the wages paid were

again increased, so that it is up now to \$1,250,000
were again increased --- No, profits were not
they were down then but depreciation increased

and the profits amounted to \$400 and in 1933
and the profits amounted to \$400 and in 1933

I say that when, on the basis of sales,
Now, your estimate of common stock equity in 1933
A. I have not, - you mean

taking from this statement
No, have you not a statement?
A. Yes, sir.

tion as to the earnings is not limited to the com
stock, it takes in common and preferred,
A. All right, give us common and preferred?
A. That is Exhibit 1232 again.

A. In the year 1934 it was \$4.15 to share
the earnings of the common stock equity, - \$4.15
1934 and 1935

A. Now, can you tell me the number of shares
this company had in the period 1930 to 1935, by the
year, do have not got that?

A. I am sorry I
have not that.
A. Now, can you tell me the number of shares
this company had in the period 1930 to 1935, by the
year, do have not got that?

MR. McHUGH: Yes, you gave us something on the point
We have it in Exhibit 1231. That will do me.
the five-year period from 1930 to 1935 the hours

in 1927 to 1931 \$26,250,000; 1932 to 1936, \$23,589,000?

A. Yes.

Q. So that in the five-year period there was a decline in hours worked by about 9,500,000 hours and in wages paid by \$4,800,000, about. A. No.

Q. No, \$2,800,000? A. \$2,700,000.

Q. Now, from your calculations of this Company I just want to see how far the undertakings given by the industry were fulfilled in the Company's experience. On September 16th, 1930, the Prime Minister in introducing the Budget, which provided for the Tariff changes of September, 1930, at page 239 of Hansard said:

"A number of items only will be dealt with.

They will be dealt with on the basis of the employment that will be given to those who are not now unemployed. And we have very definite

assurances from the producers in this country that as a result of the action we are taking they will increase the number of men and women in their mills and factories. I said the other day, Mr. Speaker, that the number might be estimated at 25,000 within a reasonable time. I think that is too low an estimate, but I desired that the estimate should be at least conservative - as in keeping with the party for which I speak at this moment.

When I say 25,000, I think I am understating the number of men and women who will find

in 1927 to 1931 \$20,000,000; 1932 to 1934, \$25,000,000;
A. Yes.

Q. So that in the five-year period there was a
decline in hours worked by about 9,000,000 hours and
in 1935 to 1939, \$25,000,000.

A. No, \$25,000,000.
Q. Now, from your calculation of this company

I just want to see how far the under-estimates given
by the industry were fulfilled in the company's
experience. On a general level, 1930, the Prime Minister
in introducing the Budget, which provided for the year
changes of September, 1930, at page 239 of Hansard

said:
"A number of items only will be dealt with.

They will be dealt with on the basis of the
employment that will be given to those who are
not now employed. And we have very definite
assurances from the producers in this country
that as a result of the action we are taking they
increase the number of men and women in their mills
and factories. I said the other day, Mr. Speaker
that the number might be estimated at 20,000 with
a reasonable time. I think that is too low an
estimate, but I desired that the estimate should

be at least 20,000. I am in favour of
the number for which I am now speaking.
I am sure, I think I am sure.

employment by reason of the action that we are
takeing."

And further down:

"We propose therefore to provide that so
far as may be reasonably possible the requirements
of the 10,000,000 people living on the northern
half of this continent shall be provided by
Canadian producers."

And, again, in reference to assurances that had been
given, on page 240:

"And I say to you, sir, and to this House,
that with respect to the items that are dealt
with in these schedules we have definite and
positive assurances from the manufacturers
that their enactment will result in no--"

I never heard it called that before, the manufacturers
enactment.

THE COMMISSIONER: He means the enactments of
those provisions.

MR. McRUER: "...will result in no increase
in prices. In the resolution which will
presently be submitted in a moment and which
I shall read, provision is made for that purpose,
so that in the event of there being any addition
in price imposed by reason of these duties
the governor in council shall have the right to
reduce or remove these duties."

THE COMMISSIONER: Now, does it appear from what

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"We propose therefore to provide that so

far as may be reasonably possible the requirements

of the 10,000,000 people living on the northern

half of this continent shall be provided by

Canadian products."

And, again, in reference to assurances that had been

given, on page 280:

"And I say to you, sir, and to this House,

that with respect to the items that are dealt

with in these schedules we have definite and

positive assurances from the manufacturers

that their enactment will result in no--"

never heard it called that before, the manufacturers

enactment.

THE COMMISSIONER: He means the enactments of

those enactments.

MR. MONTGOMERY: "...will result in no increase

in prices. In the resolution which will

presently be submitted in a moment and which

I shall read, provision is made for that purpose,

so that in the event of there being any addition

in any item of the list of goods to be

the government in council shall have the right to

reduce or remove them."

THE COMMISSIONER: Now, does it appear from what

you read there with reference to 25,000 who would receive employment according to promises, does that refer to the Textile Industry?

5 MR. McRUER: Not the Textile Industry only. The Textile Industry is the only one industry that was affected by the tariff schedules that were introduced. I notice the first word that my eye drops on on page 250 "Woven fabrics wholly of cotton."

10 MR. HEWARD: Is that a coincidence?

MR. McRUER: Pure coincidence.

Q. At any rate, according to your statements, not only was there not increased employment over this five-year period but both the wages paid and the number of people employed decreased or the number of hours worked decreased?

15 A. The statement I think speaks for itself. I just should point out that the first of this five-year period includes some of the most busy and profitable years of the Company, and, second, of the five-year period probably includes their worst years, and to measure the extent of the decline in employment you would have to have --

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25 THE COMMISSIONER: You ~~must~~ misunderstood the question.

MR. McRUER: Q. I am not measuring anything. All I am saying is there had been apparently assurances given to the Prime Minister that those who were not employed were going to be employed and that there was going to be a general increase in employment.

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you read there with reference to 25,000 who would
receive employment according to promises, does that
refer to the Textile Industry?

MR. MONTGOMERY: Not the Textile Industry only.

Textile Industry is the only one industry that was
affected by the tariff schedules that were introduced.
I notice the first word that my eye drops on on page
250 "Woven fabrics wholly of cotton."

MR. MONTGOMERY: Is that a coincidence?

MR. MONTGOMERY: Pure coincidence.

Q. At any rate, according to your statement,

not only was there not increased employment over this
five-year period but the number of jobs was less than
the number of jobs which were available in the same
period in the past.

Think speaks for itself. I just should point out

that the first of this five-year period includes

some of the most busy and profitable years of the
Company, and, second, of the five-year period preceding
the present one, the first year was a very bad one
of the decline in employment you would have to have

THE COMMISSIONER: You must understand the

question.

All I am saying is there has been a fairly serious
given to the Prime Minister that those who were

Instead of that there is a decrease. Now,---

A. In these periods, yes.

Q. Now, one other thing that I want to just deal with that comes directly within our Order-in-Council, and it may be argument but I want to put on record your admission one way or another in regard to it. I refer particularly to these words - probably better read back for a paragraph because you probably have not heard it all read:

"The minister observes that sudden cessation of operations in industrial establishments, especially in the winter seasons at time of widespread unemployment, cannot fail but render more acute the distress and suffering of wage-earners and their dependants and also places upon municipalities and governments additional and unexpected financial burdens for relief. He is further of the opinion that industry generally and especially an industry which has for years the benefit of protection afforded by the Customs Tariff, should recognize its responsibility to carry on operations with due regard to its obligations to employees and to the public and not to arbitrarily shut down its plants.

Now, in reference to the obligation of the industry that has enjoyed the protective tariff to carry on its operations in a period of depression, the record according to your investigation do show

instead of that there is a decrease. Now,---

Now, one other thing that I want to just bring
with that comes directly within our Order-in-Council
and it says no statement but I want to put on record
your objection one way or another in regard to it.
I refer particularly to these notes - possibly better
read back for a paragraph because you probably have
not heard it all read:

"The Minister of Mines that sudden cessation

of operations in industrial establishments,

especially in the winter seasons at time of winter

spread unemployment, cannot fall but winter work

acute the distress and suffering of wage-earners

and their dependants and also places upon

municipalities and governments additional and

unexpected financial burdens for relief, as

is further of the opinion that industry generally

and especially an industry which has for years

the benefit of protection afforded by the

tariff, should recognize its responsi-

bility to carry on operations with due regard

to its obligations to employees and to the public

and not to arbitrarily shut down its plants.

Now, in reference to the obligation of the

industry that has enjoyed the protective tariff to

carry on its operations in a period of depression,

this, do they not, that there was a reduction in the employees' wages during the year 1933 of 10%?

A. Yes.

Q. Approximately 10% - some higher and some lower?

A. Yes, it would average about 10%.

Q. And they do show that there was a reduction in the dividends on the common stock of 20% in one year?

A. Yes, continuing for 16 months.

Q. And at the end of 16 months the dividend on the common stock was wholly restored? A. Yes.

Q. But that the wages of the men were not wholly restored - just five and a half per cent. of the reduction still exists? A. Yes.

Q. And it does show that the company was willing to draw on surplus account to pay dividends on common stock? A. It did so.

Q. Yes, it showed they were willing to draw on surplus to pay dividends on common stock; it did not show that they were willing to draw a surplus account to maintain the rate of wages they had been paying.

THE COMMISSIONER: They did not do it.

MR. McRUER: Q. They did not do it anyway?

A. I can only speak of the fact.

Q. Before they reduced the wages - they did not draw on surplus account to pay wages? A. Well, it is not an ordinary aspect of company finance that you draw on surplus account to pay wages. The

1938-39 1938-39

employees' wages during the year 1938 of 1939

A. Yes.

approximately 10% - some higher and some lower

A. Yes, it would average about 10%.

and they do show that there was a reduction in

the dividends on the common stock of 1938 in one year

Yes, considering for 18 months.

and at the end of 18 months the dividend on

the common stock was wholly restored? A. Yes.

But first the wages of the men were not wholly

restored - just five and a half per cent. of the

restored - just five and a half per cent. of the

and it does show that the company was willing

to draw on surplus account to pay dividends on common

stock? A. It did not.

A. Yes, it showed they were willing to draw

on surplus to pay dividends on common stock; it did

not show that they were willing to draw on surplus

account to maintain the rate of wages they had been

paying.

THE COMMISSIONER: They did not do it.

MR. McNEIL: A. They did not do it anyway?

A. I am not sure of the facts.

A. Before they reduced the wages - they did not

draw on surplus account to pay wages.

It is not an account of the company's assets.

surplus account belongs to the shareholders. When business is bad, profits fall, dividends may be paid out of that surplus up to a certain limit established by law. If you do not make some attempt to pay a reasonable steady return to your shareholders you have the greatest difficulty in raising capital. It is a question of policy.

Q. You do not suggest there was ever any difficulty in raising capital for this company? A. I don't know.

Q. Does not look like it in studying their records. Nothing in their records to indicate that they had any difficulty in getting capital? A. Nothing to suggest that they did not.

Q. And if you were a company executive I should probably cross-examine you at some length as to your opinion as to whether you can in time of depression encroach on surplus account for the benefit of your workers, but in view of the fact you are not a company executive I do not think I will bother getting into any argument with you on it. Now, can you tell me what the ratio of overhead on the Company has been?

A. You mean by overhead just --- you mean administrative and selling overhead or overhead in the mills?

Q. Oh well, I think you would have to work it out anyway. I can work it out and argue from it just as well as you? A. I have not got anything

readily to hand other than ---

Q. Well, that is really argumentative, Mr. Glasco.
Go back for a minute in regard to the increment to
machinery- did it not fall after 1920? A. Yes.

Q. Replacement values fell to what extent?

A. Perhaps this would make it easier to follow as
anything else. I have related all these years
to index figure of 100 in 1920.

Q. See what you have done.

-- MR. McRUER and the witness look over book of tables.

Q. Well then, according to the explanation you
have given me there is a drop of about 9% from 1920
to 1924 and you cannot go any further than that?

A. Not at present.

BY MR. HEWARD:

Q. Now, Mr. Glasco I am right, am I not, that
what the Syndicate purchased was the shares of the
constituent companies? A. Yes.

Q. If therefore they purchased shares they
purchased them from the shareholders, did not they?

A. So I understand.

Q. I mean the offer would be made to the share-
holders who are the owners of those shares and not
to the company who are the issuers of those shares?

A. Yes.

Q. And they did not get all the shares, each
shareholder decided for himself or herself whether

1930-1931

1930-1931

RELATIVE TO THE STATE OF THE COMPANY

Q. Well, that is really argumentative, Mr. Glasco.

Go back for a minute in regard to the increment to

machinery - did it not fall after 1930? ... Yes.

Q. Registered at values fell to what extent?

A. Perhaps this would make it easier to follow as

anything else. I have related all these years

to index figure of 100 in 1930.

Q. See what you have done.

-- Mr. McNair and the witness look over book of table

Q. Well then, according to the explanation you

have given me there is a drop of about 25 from 1930

to 1934 and you cannot go any further than that?

A. Not at present.

Q. Now, Mr. Glasco I am right, am I not, that

what the Syndicate purchased was the shares of the

Q. If I may say so, the shares of the

purchased them from the shareholders, did not they?

A. Yes.

Q. I mean the offer would be made to the share-

holders who are the owners of those shares and not

to the company who are the issuers of those shares?

A. Yes.

Q. And you did not get all the shares, each

Q. And you did not get all the shares, each

he or she would sell? A. Yes.

Q. So that the suggestion being made has nothing to do with any transfer of tangible assets to the Syndicate - what they purchased was shares?

A. Yes.

Q. Now, you told us that you had examined statistics in regard to machinery values up to 1920, and had not examined them since then. Will you tell us why

it was useful to examine them up to 1920 and why it was not useful, apparently because you did not do so, why it was not useful for you to examine them after 1920? A. Completeness of the appraisal document

which was made, which was valuable. The appraisal

in 1920 I believe took a staff of 15 men some three or four months to do. They listed every machine,

they investigated all factors concerning equipment in the greatest detail and they presented voluminous reports showing the machines individually both as

to their replacement value and as to the measure of their physical exhaustion, following inspection by qualified appraisers. Consequently it established

a basis upon which the physical exhaustion could be

determined and comparing the physical exhaustion as shown by those appraisers with the actual depreciation written by the Company it was found that

the two figures were very close. Now, the 1936

appraisal is no such document. The method of appraisal,

as I understand it, in 1936, was for a qualified

he or she would sell?

... so that the suggestion being made has nothing to do with any transfer of tangible assets to the syndicate - what they purchased was shares?

Yes.

Now, you told us that you had examined statistics in regard to machinery values up to 1920, and had not examined them since then. Will you tell us why it was useful to examine them up to 1920 and why it was not useful, apparently because you did not do so why it was not useful for you to examine them after 1920? A. Completeness of the appraisal documents.

With you, would you not?

In 1920 I believe took a staff of 15 men some three or four months to do. They listed every machine, they investigated all factors concerning equipment in the greatest detail and they presented voluminous reports.

to their replacement value and as to the measure of their physical exhaustion, following inspection by qualified engineers.

... and comparing the physical exhaustion as shown by those appraisers with the actual depreciation written by the Company it was found that the figures were very close. Now, the 1920 appraisal is a document. The method of appraisal

machinery expert with I believe one assistant to walk into a room in the mill, count the number of machines and appraise the room at depreciated replacement value of so much. In other words, that is a value for which company will insure them. So that we have no measure from that appraisal, no information comparable to the 1920 appraisal upon which we could determine whether the depreciation written was actually adequate and that is why of necessity in order to determine the sufficiency or otherwise of the depreciation written we would have to make an examination of the mills similar to the one which was made in 1920.

Q. And that is why you felt it was of no purpose to look into machinery values since 1920 because you could not relate it to any definite appraisal?

A. I could not.

Q. And that is why you say that in order to determine whether the depreciation since 1920 was inadequate, adequate or excessive you would have to adopt this procedure which you say would take you three months? A. I don't know of any other method.

Q. Now, a reference was made to the reduction of wages in 1934 which was, as the Commission Counsel stated, a good year. Is not it the case that this reduction in wages was made at the beginning of that year and that the previous year had been a bad year, a very bad one? A. Yes.

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machinery expert with I believe one assistant to walk into a room in the mill, count the number of machines and appraise the room at depreciated replacement value of so much. In other words, that is a value for which company will insure them. So that we have no measure from these appraisals, no information comparable to the 1930 appraisal upon which we could determine whether the depreciation written was actually adequate and that is why of necessity in order to determine the sufficiency or otherwise of the depreciation written we would have to make an examination of the mills and to the one which was made in 1930.

... and that is why you felt it was of no purpose to look into machinery values since 1930 because you could not relate it to any definite appraisal?

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... Now, a reference was made to the reduction of wages in 1934 which was, as the Commission Counsel stated, a good year. Is not it the case that this reduction in wages was made at the beginning of that year and that the previous year had been a bad year?

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THE COMMISSIONER: Have you the year right?

You said 1934.

MR. McRUER: Fiscal year, 1934.

MR. BEAUREGARD: Begins first of April, 1933.

5 MR. HEWARD: Yes, that is confusing. It is the
fiscal year ending March 31, 1934, the reduction was
made in, April, 1933. Results shown a year later
showed a good year but the previous year had been bad.
Now, that means then really that the Company had
10 maintained the level of wages for three years after
the onset of the depreciation, is that right?

A. Yes, sir.

MR. McRUER: With decreased employees?

15 MR. HEWARD: My friend says, "With decreased
employees." Of course, the Company cannot employ men
unless there is work for them to do, can it?

A. No.

20 MR. McRUER: They can maintain 9% ---

MR. HEWARD: Q. There is no use having employees
turn out goods that cannot be sold, is that right?

A. Yes.

25 Q. Now, is not it the case that this company's
finance, business, from your knowledge of it, is very
closely related to the general business of the Country.
For instance, it is very closely related to the
automobile trade, is not it? Do not they supply
30 a good deal of cotton to the automobile trade?

A. Yes, they supply a considerable amount of fabric

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to the automobile industry.

Q. And to rubber goods and that sort of thing?

A. Yes.

Q. So that if there is a general drop in the demand
for goods it will be reflected in the demand for this
Company's goods? A. Right.

Q. And that will naturally be reflected in the
number of employees that they can employ or the number
of hours for which they can employ them? A. Right.

BY MR. McRUER:

Q. Just one question. Apparently then if the
Company had wished to keep the proper records we might
have been able to get the amount of depreciation,
its application, the betterment and been able to
determine whether there had been excessive depreciation
or not. You say you could do it with three months'
work. Apparently if the Company had kept the
records properly it would have been there? A. Yes.
I want to make clear I did not mean three months'
work on record. I meant physical examination which
would probably take three months.

Q. You could not make a physical examination?

A. No.

Q. I thought you said it would take you three months?

A. I would ~~have~~ have to have qualified people to make
the examination and then study the results of that
examination to determine.

to the automobile industry.

Q. And to rubber goods and that sort of thing?

A. No that if there is a general drop in the demand for goods it will be reflected in the demand for this

Company's goods.

A. And that will naturally be reflected in the

number of employees that they can employ or the number of hours for which they can employ them? A. Right.

A. That one question. Apparently then it is the

Company that wishes to keep the proper records to make sure they have been able to get the amount of compensation,

its application, the settlement and been able to

determine whether there has been excessive compensation or not. You say you could do it with three months' work.

A. Apparently if the Company had kept the

records properly it would have been there?

A. And so make clear I did not mean three months' work on record. I meant physical examination which

would probably take three months.

Q. You could not make a physical examination?

A. I think you said it would take you three months

to make a physical examination and then study the results of that

Q. Then may we take it that the Company does not keep sufficient record for us to determine by examination of its book whether the depreciation has been proper or not, been necessary or not? A. I don't want to be unfair to the Company.

Q. I am sure you do not? A. Because few companies find it possible to keep such records as you describe.

Q. There seems to be a great discrepancy. Here we have accountant quarrelling over \$17,000,000, a small thing, but when we are dealing with companies that are enjoying benefit at the hands of the Canadian people - the Canadian people really pay the taxes of these companies, whether we think it or not it is a fact - and then when we come to see what is your application of the fund or we take off so much depreciation, the officers of the Company cannot tell us whether enough or too much but when we have insurance valuation it is \$17,000,000 over the depreciated amount, and in addition to that the officers of the company won't say to me that that valuation is too high, and so I am just wondering as an accountant if we could not get some place on it even for the future. Do not you think that some records could be kept that would keep this matter clear so that people would know exactly what the depreciation was and--

A. We know what the depreciation is as applied to buildings and machinery.

Q. Then may we take it that the company does not keep sufficient record for us to determine by examination of its book whether the depreciation has been proper or not, seen necessarily or not? A. I don't want to be certain to the company.

Q. I am sure you do not. A. Because few companies find it possible to keep such records as you mention.

Q. There seems to be a great discrepancy. Here we have accountants quarrelling over \$17,000,000.

A small thing, but when we are dealing with companies that are enjoying benefit at the hands of the Canadian people - the Canadian people mostly pay the taxes

of these companies, whether we think it or not it is a fact - and then when we come to see what is your application of the fund or we take off so much

depreciation, the officers of the company cannot tell us whether enough or too much has been taken when we have in mind valuation it is \$17,000,000 over the depreciated amount

and in addition to that the officers of the company won't say to me that that valuation is too high, and so I am just wondering as an accountant if we can

not get some place on it even for the future. Do not you think that some records could be kept that would keep this matter clear so that people would be

At least with the depreciation we have -

Q. We know what they have written off their books?

A. Yes.

Q. Then we get the betterments and repairs all the way through. According to their annual statements they say "We have kept our plants in excellent condition all the way through." Well, if the plant is kept up to that high stage of efficiency out of profits then the depreciation is clear profit. Now, could not that be kept clear on the books? A. I don't

quite know how to answer that. If you are suggesting that what they have maintained is something which they could not reasonably be expected to have available at this time, to ask the company to make a physical examination of their machinery every year for the purpose of determining the adequacy of their depreciation would be a little unfair. I think what determines the amount of depreciation which has to be charged is partly the standard practice in the industry where there are certain things, rule of thumb methods if you like, as what must be considered as live machinery. The question of obsolescence, which is terribly important - by obsolescence I mean ---

Q. They have reserve for obsolescence?

A. We are treating them as depreciation for these purposes. You must expect a company's management to take a reasonably conservative view of the question of depreciation.

Q. I am not quarrelling with their taking a

Q. We know what they have written out their books

A. Yes.

Q. Then we get the betterments and repairs all

the way through. According to their annual statement

they say "we have kept our plants in excellent condition

all the way through." Well, if the plant is kept

to that high state of efficiency out of profits then

the depreciation is clear profit. Now, could not

that be kept clear on the books? A. I don't

quite know how to answer that. If you are suggesting

that what they have maintained is something which they

could not reasonably be expected to have available

at this time, to ask the company to make a physical

examination of their machinery every year for the

purpose of determining the adequacy of their depreciation

would be a little unfair. I think what determines

the amount of depreciation which has to be charged

is largely the amount of depreciation on the books

where there are certain things, rate of obsolescence

if you like, as what must be considered as five years

The question of obsolescence, which is terribly important

and - by obsolescence I mean -

Q. Now, how do you determine the obsolescence of

we are treating them as depreciation for these

Q. Now, how do you determine the obsolescence of

to take a reasonably conservative view of the question

of depreciation.

conservative view or a very conservative view but what I am anxious --- you cannot give us the true picture as their accountant. Mr. Howson has tried to do the best he can with the insurance appraisal? A. Now, don't---

Q. I cannot get at the facts as to whether or not this company has taken more depreciation than was reasonably required between the years and 1920 and 1936?

A. My view, after having looked into the matter carefully and studied the calculations made by Mr. Howson, is that there is no evidence of any sort to support the theory that the company's depreciation has been excessive.

Q. Oh, well now, you do not say that? A. Yes.

Q. You did not say that for the whole of your examination. You expressed that opinion up to 1920. If you are going to enlarge it and give us your opinion that this company has not taken more depreciation than is reasonably necessary - now, are you giving that-

THE COMMISSIONER: The witness did not say that. I do not think the witness- he does not know one way or the other, is not that right? A. Yes, but I am satisfied that the suggestions which have been made as to the existence of over-depreciation are not proven.

MR. McRUER: Oh well, we are in same difficulty with this Company's affairs that we have experienced in proving anything. The best we can do is get the best information they can show us? A. I won't

conservative view or a very conservative view but what
I am anxious --- you cannot give us the true picture
as their accountant. Mr. Brown has tried to do the
best he can with the information available?

Don't ---

I cannot get at the facts as to whether or not
this company has taken more depreciation than was
reasonably regarded between the years 1920 and 1930
A. My view, after having looked into the matter care-
fully and studied the calculations made by Mr. Brown,
is that there is no evidence of any sort to support
the theory that the company's depreciation has been

Q. Oh, well now, you do not say that?
A. You did not say that for the whole of your
examination. You expressed that opinion up to 1920.
If you are going to enlarge it and give us your opinion

then it is reasonably necessary - now, are you giving us
THE COMMISSIONER: The witness did not say that.

I am not giving the witness as much as you are not
other, is that right? A. Yes, but I am not
that the depreciation which has been taken is the
average of every-day depreciation and not profits.

THE COMMISSIONER: Oh well, we are in some difficulty
with this company's return and we have expended
in finding out. The best we can do is get the

argue that.

Q. Still I come back to the point - could not the methods of keeping the records be improved on so as to have these things more clear? A. Yes, I think certain improvements could be made.

BY MR. HEWARD:

Q. Just a word. The principal record which was available to you in regard to depreciation previous to 1920 was this very exact voluminous appraisal made by the Canadian Appraisal Company Limited, was not it? A. Yes.

Q. And there is no such thing available as at the present date? A. No.

Q. And you would not suggest for a moment, I suppose, that any company would have an appraisal like that made every year? A. No.

Q. Now, one more question. I would like to make sure that I understand, the depreciation which has been charged against buildings is two per cent. of the cost value? A. Yes.

Q. Not two per cent. of the enhanced value, if there was an enhanced value, is that right? A. No.

Q. The depreciation that has been charged against machinery is 6% of the original cost value, not 6% of any enhanced value there may be or in the vicinity of 6%. Both those figures are less than are sometimes allowed by the Income Tax Department, is

argue that.

Q. Still I come back to the point - could not the

methods of keeping the records be improved on so as

certain improvements could be made.

BY MR. BRYDIE:

.. Just a word. The principal record which

was available to you in regard to depreciation previous

to 1940 was this very exact voluminous appraisal made

by the Canadian Appraisal Company Limited, was not it?

A. Yes.

Q. And there is no such thing available as at

the present date?

.. And you would not suggest for a moment, I suppose,

that any company would have an appraisal like that made

every year?

A. No.

.. Now, one more question. I would like to

make sure that I understand, the depreciation which has

been charged against buildings is two per cent. of the

cost value?

A. Yes.

.. Not two per cent. of the enhanced value, is it?

was an enhanced value, is that right?

A. No.

Q. The depreciation that has been charged against

machinery is 5% of the original cost value, is it?

of any enhanced value there may be or in the vicinity

with those figures and then are

that right? A. Yes.

Q. Are they figures which are customary in industries of this kind? A. I am informed so.

MR. McRUER: Q. Informed by whom? A. By Mr. Gordon.

Q. But you see that goes by my point altogether. You have that depreciation and on top of that you have whatever charges there are to the upkeep of the plant to maintain it in a high state of equipment, so that you cannot dissasodate them one from the other, can you? A. No.

Q. A Company that is keeping its plant up out of profit in a very excellent state of repair does not require nearly as much depreciation from profits as a company that lets its plant run down - that is perfectly obvious, is not it? A. Yes, I do not think you need argue about that.

Q. And is not it a fact that the question of depreciation in actual practice is pretty much what you can get the Income Tax Department to allow? A. It has become so.

THE COMMISSIONER: The Secretary calls my attention to the fact that there are certain exhibits that were provided for some time ago and not yet filed by the Dominion Textile Company. Exhibit 518, statement showin gross income from investments and income tax charged against such - it has not been filed yet.

MR. HEWARD: We will get a list from the Secretary.

Q. Are they figures which are outstaring in

industries of this kind? A. I am not sure.

Gordon.

Q. But you see that goes by my point altogether.

You have that depreciation and on top of that you

have whatever charges there are to the upkeep of the

plant to maintain it in a high state of equipment,

so that you cannot blame the fact that the

other, can you? A. No.

Q. A company that is keeping its plant up out

of profit in a very excellent state of repair does

not receive nearly as much compensation from profits

as a company that lets its plant run down - that is

perfectly obvious, is not it? A. Yes, I do not

think you need argue about that.

Q. And is not it a fact that the condition

of depreciation in actual practice is pretty much

that you can get the income tax department to allow

A. It has become so.

THE CHARTERED ACCOUNTANTS: The Secretary calls my attention

to the fact that there are certain companies that

were provided for some time ago and not yet filed by

the Dominion Textile Company, Exhibit 218, states

that certain companies have been in the hands and income

5

MR. McRUER: Probably we could agree between Mr. Heward and myself that anything that is outstanding of this nature will be cleaned up unless we both agree that owing to Mr. Howson's evidence as now given or something of that sort it is not necessary. For instance, there may be certain things that I asked for during the examination of a witness. Now we have it in an orderly form from Mr. Howson and there is no use of putting them to the trouble to prepare something in addition.

10

THE COMMISSIONER: Anything else to be filed to-day?

15

MR. McRUER: There is one other thing. Your lordship asked us to obtain a statement of the railway rates from Toronto to Winnipeg.

THE COMMISSIONER: Yes, Mr. Hallam told us that consignment from Manchester to Toronto cost more to transport---

20

MR. McRUER: I have that information from Mr. Campbell of the Board of Railway Commissioners. He supplies the following information: From Manchester to Winnipeg, carload lots, all rail from Canadian ports \$2.63 per hundred pounds. Now, this was on cotton goods that we asked for the quotations. Lake and rail from Canadian ports \$2.53 per hundred pounds. L.C.L. - that is less than car lots - all rail from Canadian ports, \$3.46 per hundred pounds. Lake and Rail from Canadian ports, \$3.21 per hundred pounds.

25

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1. The first of these is the fact that the
2. second is the fact that the
3. third is the fact that the
4. fourth is the fact that the
5. fifth is the fact that the
6. sixth is the fact that the
7. seventh is the fact that the
8. eighth is the fact that the
9. ninth is the fact that the
10. tenth is the fact that the

Now, from Toronto to Winnipeg, car lots, all rail, \$1.38½ ¢ per hundred pounds. Lake and rail, \$1.28½ per hundred pounds. L.C.L., all rail \$2.22 per hundred pounds; lake and rail, \$2.02 per hundred pounds.

5 Montreal to Winnipeg, the same rates apply as from Toronto to Winnipeg.

Then we have the rates from Truro and Milltown to Winnipeg. Car load lots, all rail, \$1.46½ per hundred pounds; lake and rail, \$1.36½ per hundred pounds. 10 L.C.L., all rail, \$2.33 per hundred pounds; lake and rail, \$2.13 per hundred pounds.

THE COMMISSIONER: Apparently Mr. Hallam was mistaken.

15 MR. McRUER: Yes, he is wrong.

THE COMMISSIONER: Now, there is nothing else?

MR. McRUER: There is a compilation here that Mr. Whiteley gave me which I think should go on the record. 20 It comes from the Primary Textile Institute, and has certain information in regard to the consumption of cotton goods in Canada, production and consumption. I think there are some of the tables that may be useful to us.

25 THE COMMISSIONER: Just cotton goods?

MR. McRUER: Well, deals with cotton yarns. I think it is all cotton. No, there is artificial silk too. It is dated 25th of November, 1935.

30 EXHIBIT 1233: Compilation in regard to production and consumption of cotton goods in Canada, dated 25th November 1935.

Nov, 17th Toronto to Winnipeg, one lot, all rail,
\$1.35 per hundred pounds. Lake and rail, \$1.35
per hundred pounds. 1.0.1., all rail \$2.25 per
hundred pounds; lake and rail, \$2.00 per hundred pounds
Montreal to Winnipeg, the same rates apply as
from Toronto to Winnipeg.
Then we have the rates from Lake and Montreal to
Winnipeg. Our load lots, all rail, \$1.55 per hundred
pounds; lake and rail, \$1.35 per hundred pounds.
1.0.1., all rail, \$2.00 per hundred pounds; lake and
rail, \$1.15 per hundred pounds.

THE COMMISSIONER: Apparently Mr. Nelson was
mistaken.

MR. NELSON: Yes, he is wrong.
THE COMMISSIONER: Now, there is nothing else
Mr. Nelson: There is a compilation here that Mr.
Whitely gave me which I think should go on the record.
It comes from the primary textile Institute, and has
certain information in regard to the consumption of
cotton goods in Canada, production and consumption.
I think there are some of the tables that may be
useful to us.

THE COMMISSIONER: Just cotton goods?
MR. NELSON: Well, deals with cotton yarn. I
think it is all cotton. No, there is artificial silk
too. It is a book of 100 pages, 11x7.

COMMISSIONER: In regard to protection
and consumption of cotton goods
in Canada, could you give me any more
information?

MR. McRUER: There was some additional information that was sent in by the Canadian Cottons Company.

I might hand it into Mr. Whiteley, if your lordship will just give it a number. It was in respect to certain matters that arose in the evidence and it should go on the record. They have been good enough to send them in.

EXHIBIT 1234: Information to be sent in by Canadian Cottons.

(Page 13850 follows)

...has been in the ...
...of ...
...it is ...
...is ...
...is ...
...is ...
...is ...

...

(...)

MR.McRUER: Now, there will be quite a bit of wage analyses and matters of that sort that is being prepared in the Bureau of Statistics under Mr. Whiteley's supervision. I would suggest in respect to these mat-
5 ters, my lord, that we send any copies as they are prepared to my friend, Mr. Heward, if they affect his clients, and to Mr. Kellock in respect to the others. I spoke to Mr. Kellock about this and he said it was perfectly satisfactory to him. I explained
10 they were not all ready yet, and they can be put on the record by Mr. Whiteley and probably given certain exhibit numbers which will be communicated to your lordship.

15 THE COMMISSIONER: After, that is; I don't know how many of them there will be.

MR.McRUER: Yes. Then, in addition to that there are a number of files here that were obtained by Mr. Walton from different companies. He has listed them. I spoke to Mr. Kellock also about these and he was
20 content that we just file them and put them on the record, and insofar as we should have occasion to refer to them later on that I should communicate to him in what way I intend to refer to them.

25 THE COMMISSIONER: Are you putting them all in as one exhibit ?

MR.McRUER: I think we had better --

THE COMMISSIONER: They are done up in different parcels ?

30 MR.McRUER: Yes, my lord. There is the Woods

MR. MORRIS: Now, there will be quite a list of
wage analyses and matters of that sort that is being
prepared in the Bureau of Statistics under Mr. Hildes-
supervision. I would suggest in respect to these mat-
ters, my lord, that we send any copies as they are
prepared to Mr. French, Mr. Howard, if they effect
his interests, and to Mr. Kellock in respect to the
others. I spoke to Mr. Kellock about this and he
said it was perfectly satisfactory to him. I understand
they were not all ready yet, and they can be put on
the record by Mr. Whiteley and probably given certain
exhibit numbers which will be communicated to your

MR. MORRIS: After that is, I don't know
how many of them there will be.
MR. MORRIS: Yes. Then, in addition to that there
are a number of files here that were obtained by Mr.
Wilton from different companies. He has listed them.
I spoke to Mr. Kellock also about these and he was
content that we just file them and put them on the
record, and inasmuch as we should have occasion to re-
fer to them later on that I should communicate to
him in what way I intend to refer to them.

THE COMMISSIONER: Are you putting them all in
as one exhibit?

MR. MORRIS: I think we had better --
THE COMMISSIONER: They are done up in different

THE COMMISSIONER: They are done up in different

Underwear Company.

THE COMMISSIONER: That will be 1235.

EXHIBIT No. 1235: 18 Files referring to
Woods Underwear Company.

MR. McRUER: 18 files.

THE COMMISSIONER: The Woods Underwear Company
file.

MR. McRUER: Monarch Knitting Company, 5 files.

THE COMMISSIONER: 1236.

EXHIBIT No. 1236: Five files referring to
Monarch Knitting Company.

MR. McRUER: Maitland Spinning Mills Limited, four
files.

THE COMMISSIONER: 1237.

EXHIBIT No. 1237: Four files referring to
Maitland Spinning Mills
Limited.

MR. McRUER: J.R. Moodie Company, nine files.

THE COMMISSIONER: 1238.

EXHIBIT No. 1238: Nine files referring to
J. R. Moodie Company.

MR. McRUER: Newlands Company Limited, eight files.

THE COMMISSIONER: 1239.

EXHIBIT No. 1239: Eight files referring to
Newlands Company Limited.

MR. McRUER: Guelph Carpet Company, eleven files.

THE COMMISSIONER: 1240.

EXHIBIT No. 1240: Eleven files referring
to Guelph Carpet Company.

MR. McRUER: Toronto Carpet Company, five files.

THE COMMISSIONER: Toronto Carpet Company ?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: How many ?

1888

1888

1888

THE CHIEF CLERK: That will be 1888.

RECEIVED NO. 1888: 1888

MR. MCNEIL: 1888

THE CHIEF CLERK: The 1888

THE CHIEF CLERK: 1888

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MR. MCNEIL: 1888

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THE CHIEF CLERK: 1888

MR. McRUER: Five files.

THE COMMISSIONER: 1241.

EXHIBIT No. 1241: Five files referring to
Toronto Carpet Company.

MR. McRUER: Dupont Textiles, four files.

THE COMMISSIONER: 1242.

EXHIBIT No. 1242: Four files referring to
Dupont Textiles.

MR. McRUER: Then, we have the Dominion Woollens and
Worstedes. These apparently are files one to forty.

THE COMMISSIONER: 40 files ?

MR. McRUER: 40 files.

THE COMMISSIONER: 1243.

EXHIBIT No. 1243: 40 Files referring to
Dominion Woollens & Worstedes.

MR. McRUER: And miscellaneous briefs, one file.

THE COMMISSIONER: 1244.

EXHIBIT No. 1244: Miscellaneous briefs.

MR. McRUER: The minutes of the executive com-
mittee of the Cotton Institute.

THE COMMISSIONER: Minutes ?

MR. McRUER: Yes, dated 16th of January, 1935.

I think that gives us the constitution of the Institute.
Yes.

THE COMMISSIONER: That is 1245.

EXHIBIT No. 1245: Minutes of Executive Com-
mittee of Cotton Institute,
dated January 16th, 1935.

THE COMMISSIONER: Is that all ?

MR. McRUER: I think that is all, my lord.

THE COMMISSIONER: Now then, have you, Mr. McRuer,
arranged with Mr. Heward and Mr. Kellock and so on

about the preparation of argument in this matter?

MR. McRUER: I have suggested -- I don't know that I discussed it with Mr. Heward but I discussed it with Mr. Geoffrion, that we --

5 THE COMMISSIONER: And Mr. Kellock ?

MR. McRUER: And Mr. Kellock, that we prepare a written brief and exchange them at some future date, that each side prepare a written brief of suggestions they have to make in respect to the evidence, and
10 their contentions, not, of course, to be intended in any sense to limit oral argument when we reach it, but to form the basis, at any rate, of our respective contentions.

15 THE COMMISSIONER: Yes, make it something like a factum.

MR. McRUER: Yes, something of that sort, and that we exchange those and then that your lordship fix a day for public presentation.

20 THE COMMISSIONER: How long will it probably take you to prepare this ?

MR. McRUER: I discussed that matter with Mr. Whiteley yesterday. He has had some experience with matters of this sort having been through the Price
25 Spreads Inquiry. The date I suggested was the 15th of January, that we might have our briefs ready by that time. He thought that I was a little optimistic, but I am willing to strive to that end notwithstanding the intervention of Christmas. Mr. Heward,
30 what is your view about it ?

MR. HEWARD: It sounds like an appalling lot of

...in this respect?

Mr. [Name]: I have seen some -- I have seen

that I discussed it with Mr. Howard but I discussed

it with Mr. [Name] and Mr. [Name]

Mr. [Name]: I have seen some -- I have seen

Mr. [Name]: I have seen some -- I have seen

written trial and exchange them at some future date,

that each side expects a written trial of an exchange

they have to make in respect to the evidence, and

their confessions, not of course, to be intended in

any sense to limit oral argument when we reach it,

but to form the basis, at any rate, of our written

Mr. [Name]: I have seen some -- I have seen

Mr. [Name]: I have seen some -- I have seen

Mr. [Name]: I have seen some -- I have seen

Mr. [Name]: I have seen some -- I have seen

we exchange these and then that your judgment is a

Mr. [Name]: I have seen some -- I have seen

Mr. [Name]: I have seen some -- I have seen

Mr. [Name]: I have seen some -- I have seen

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Mr. [Name]: I have seen some -- I have seen

Mr. [Name]: I have seen some -- I have seen

Mr. [Name]: I have seen some -- I have seen

Mr. [Name]: I have seen some -- I have seen

work to get into seven weeks but I will do my very best, your lordship.

5 THE COMMISSIONER: I would say this; let us set the 15th of January tentatively and then if it turns out that is not long enough you can let me know and it might go on until say, the 31st of January.

MR. HEWARD: We will do our very best, your lordship, because it is always easier to work when the thing is fresh in your mind, anyway.

10 MR. McRUER: Yes, I think it is preferable, at least, I certainly prefer to go right at it as far as that goes.

15 THE COMMISSIONER: Yes, and it is best to have a date in mind too so I think we better say the 15th of January. If that turns out to be too soon then we will make an extension, that is all.

MR. HEWARD: I think that would be very satisfactory for a tentative date.

20 MR. McRUER: Very well.

THE COMMISSIONER: All right then.

-- The Commission adjourned at 5:25 P.M. to resume on January 15th, 1937 (tentative date).

25 ---

13884

work to get into seven weeks but I will do my very best, your friendship.

THE COMMISSIONER: I would say this; let us set the 15th of January tentatively and then if it turns out that is not long enough you can let me know and it might go on until say, the 21st of January.

MR. HEWARD: We will do our very best, your friendship, because it is always easier to work when the thing is fresh in your mind, anyway.

MR. McHUGH: Yes, I think it is preferable, at least, I certainly prefer to go right at it as far as that goes.

THE COMMISSIONER: Yes, and it is best to have a date in mind too so I think we better say the 15th of January. If that turns out to be too soon then we will make an extension, that is all.

MR. HEWARD: I think that would be very satisfactory for a tentative date.

MR. McHUGH: Very well.

THE COMMISSIONER: All right then.

The Commission adjourned at 8:25 P.M. to resume on January 15th, 1937 (tentative date).

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